

RESOLUTION 10, 2010

**ADOPTING A FISCAL PLAN FOR THE ANNEXATION OF
PROPERTY KNOWN AS THE FLAT ROCK ANNEXATION
TO THE CITY OF VALPARAISO, INDIANA**

WHEREAS, the City Council of Valparaiso is the governing body of the City of Valparaiso in Porter County, State of Indiana; and

WHEREAS, the City Council of the City of Valparaiso has determined the real estate ("**Flat Rock Annexation**") requesting to be annexed statutorily qualifies for annexation under Indiana Code 36-4-3, with the following statutory requirements:

- 1) The petition submitted for voluntary annexation represents 100% of the owners of the land.
- 2) For purposes of determining "contiguity", approximately **42.7%** of the Flat Rock Annexation's aggregate external boundaries coincides with the boundaries of the City of Valparaiso.

WHEREAS, the Flat Rock Annexation is needed and will be used by the City of Valparaiso for its development in the reasonably near future; and

WHEREAS, the City Council of the City of Valparaiso is desirous to adopt the written detailed fiscal plan for the Flat Rock Annexation located in unincorporated Porter County; and

NOW, THEREFORE, BE IT RESOLVED by the governing body of the City of Valparaiso, in Porter County, Indiana.

Section One: The City of Valparaiso elects to establish and adopt the written fiscal plan before adopting the annexation ordinance for the Flat Rock Annexation.

Section Two: The purpose of a written fiscal plan is ensure that the municipality is physically and financially able to provide municipal services to the real estate seeking annexation.

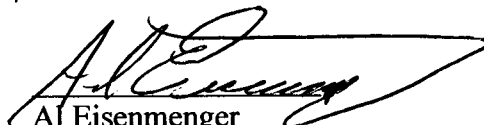
Section Three: After annexation takes effect basic services described in the fiscal plan become effective.

Section Five: The City of Valparaiso will provide a copy of the Flat Rock Annexation Fiscal Plan immediately after adoption to any landowner in the annexed territory who requests a copy from the City Planner.

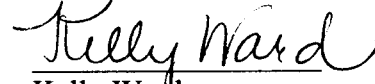
Section Six: This Resolution shall be in full force and effect from date of passage, by the City Council and its publication, as provided by law. All provisions or parts thereof in conflict herewith are hereby repealed.

ADOPTED this 10th day of May, 2010 by a 6 vote in favor and 0 vote opposed of all members present and voting.

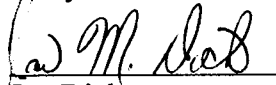

Joey Larr

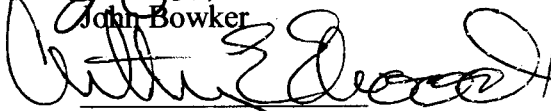

Al Eisenmenger

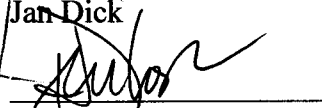
ABSENT
Robert Taylor

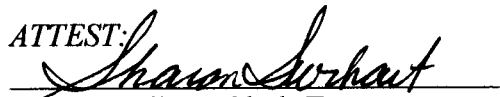

Kelly Ward


John Bowker

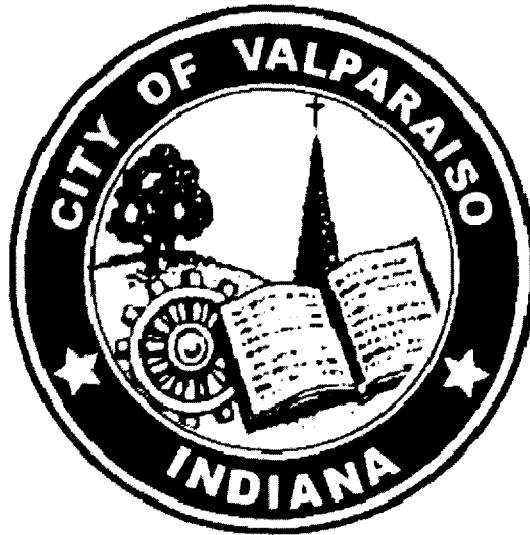

Jan Dick


Art Elwood


Jon Costas, Mayor

ATTEST:

Sharon Swihart, Clerk-Treasurer

Ordinance 18-2010 Exhibit "A"
Plan Commission Case A10-002/RZ10-002/PP10-001



FLAT ROCK ANNEXATION
FISCAL PLAN

DRAFT

Prepared by:
Craig A. Phillips, AICP
City of Valparaiso
Planning Department
March 2010

FLAT ROCK ANNEXATION FISCAL PLAN

SUBJECT: A10-002/RZ10-002/PP10-002 – COOLMAN COMMUNITIES – Request to annex property known as FLAT ROCK Annexation, Center Township, T 35N, R6W.

DATE: March 2, 2010

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 just north of the northeast corner of US30/Morthland Drive and Hayes Leonard Road more particularly described as follows:

See attached description

Total Acreage	9.54Acres
Number of Dwelling Units	1 Existing, 38 Proposed
Number of Non-Residential Units	0
Percent Contiguous	42.7%
Existing Zoning (County)	R-1 Low Density Single Family Res. (County)
Proposed Zoning	GR General Residential

The annexation area consists of primarily vacant land with an existing single family home in the western portion of the property accessed from Hayes Leonard Road. The land included in the annexation petition is under a single ownership, G. E. Marshall Marital Trust. The developer has indicated that the development will be constructed in one phase. The proposal includes a ~~26~~³⁸-lot single family residential subdivision with roadway s extending Marshall Drive from its current western terminus and internal connection within the subdivision to and access to/from Hayes Leonard Road approximately ¼ mile north of US 30/Morthland Drive.

CONTIGUITY

The northeast annexation area is 42.7% contiguous to the existing City limits

60% SUBDIVIDED

The annexation area is less than 60% subdivided and urbanized

POPULATION DENSITY

The estimated population density of the annexation area is less than 3.0 persons per acre (0.26) currently, but is greater than 3.0 persons per acre upon buildout (10.27)(Current population est. 2 persons, population at completion 98 persons based on 2.5 persons per dwelling unit average)

"Needed & Can Be Used"

The FLAT ROCK 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/DRC process. In this case however, the developer wishes to wait until annexation of the land is complete in order to develop or obtain building permits. In this case, the City development or site improvement standards apply as a condition of receipt of municipal utilities.

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 FLAT ROCK Annexation Area, and indicates that the area falls within a five-year annexation boundary.

Council District

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

ESTIMATED ANNUAL 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 2008 payable in 2009 City tax rate of \$0.696486/100 TTV will be used for revenue estimates. This rate is now subject to a tax cap known as a circuit breaker. In the case of residential property, the cap is 1.0%, or the maximum tax that is paid on the property is 1.0% of the Assessed Value (AV).

Total True Tax Value (AV)**	\$149,500.00 Existing AV \$6,609,500.00 AV as proposed
Total Tax Rate (Valparaiso)	\$1.827769/100 AV Homestead
City Net Tax Rate	\$0.696486 (w/ HC) /100 AV
City % of total tax	38,1%
Total Tax before cap – existing/proposed	\$(2,732.00)/ \$120,806.00
City portion of total tax before cap	\$(1,041.00) \$48,103.00
Maximum Tax Rate (Circuit Breaker)	1.0% Residential
Maximum tax after circuit breaker	\$(1,495.00) \$66,095.00
City portion of Max. tax after cap	\$(570.00) \$25,182.00
Total property tax revenue**	\$ 570.00 Existing AV \$ 25,182.00 As proposed

Garbage Collection Fee

The current \$9.00 per month per property garbage collection fee brings the City \$108.00 annually per property. The one existing and 38 proposed residential units will bring the City a total of \$4,212.00 annually.

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 \$3,038.00 from the addition of the 39 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 population numbers and estimates in this annexation (approximately 98 residents upon buildout, 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 \$434.14 upon buildout. Alcohol tax revenues generated by the annexation based on a formula of \$2.01 per capita are estimated to be an additional \$196.98 annually based on buildout.

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 \$171,645.38 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 \$614.46 at buildout of the area based on current population ratios of \$6.27 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 \$6,500.00 in revenue to the City based on proposed development.

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 \$2,024.45 per mile (2009 LRS receipts of \$291,521.44 divided by 144 certified lane miles in City), this annexation is expected to generate an additional \$911.00 in LRS funds based on the addition of 0.45 lane miles to the City inventory.

Motor Vehicle Highway

Based on a formula of \$5,264.40 per mile (2009 MVH receipts of \$758,074.69 divided by 144 certified lane miles in City), this annexation is expected to generate an additional \$2,369.00 in MVH funds based on the addition of 0.45 lane miles to the City inventory.

Total Estimated Annual Revenues (All Sources)	\$3,850.00 Existing
	\$28,462.00 as proposed

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.

Minimum Monthly Water Revenues

\$29.35/month minimum per meter– 39 homes w/ one $\frac{3}{4}$ " meter = \$352.20/yr X 39 Homes = \$13,736.00. The developer is not requesting a common area irrigation line.

Minimum Monthly Sewer Revenues

\$14.38/month minimum per meter – 39 homes w/ one $\frac{3}{4}$ " meter = \$172.56/yr X 39 homes = 6,730.00

Monthly Stormwater Revenues

39 homes at \$11.00 per month will yield \$11.00 per month per home X 39 homes X 12 months = \$5,148.00 per year

Total Minimum Annual Utility Revenues

\$657.76 Existing
\$25,614.00 as proposed

ONE TIME REVENUES

These revenues are generated at the time a particular property is connected to the municipal sewer or water system or both. The revenues generated from these fees are dependent upon connection of homes and businesses to these systems.

Water - New Service Construction Cost

Minimum \$1,300.00 per principal structure. Plus \$6,000.00 for 2 new hydrants. This annexation request includes 38 proposed homes at a total revenue of \$55,400.00.

Sewer Connection Fees

Minimum of \$2,024.00 per principal structure. This annexation request includes 38 proposed homes at a total revenue of \$76,912.00.

Total One Time Utility Revenues - \$132,312.00

Building and Engineering Permit Fees

The construction of the proposed 38 homes at \$622.34 in permit fees apiece will result in revenues of \$23,648.92 in building permit and inspection fees and \$2,532.00 in Engineering related fees per home or \$96,216.00 for a total of **\$119,865.00** in revenues based on a total permit fee.

Recreation Impact Fee

The City currently has a recreation impact fee of \$1,331.00 per new residential unit. The 38 proposed units in phase one of this annexation will bring the City **\$50,578.00** over the course of development of the areas included in the annexation.

Total One Time CITY Revenues \$170,443.00

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 as well as other annexation areas are not expected to require additional resources based on expected growth in this area over the next five to ten years.

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 \$265.45 annually per property. Therefore, the expected cost with one existing and 38 proposed homes is **\$10,353.00** annually. These costs would be **\$265.45** for the existing home on the property. This is based on dividing the 2010 budget of \$1,929,254.00 including vehicle maintenance of \$198,126 by the number of homes serviced (8,014).

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 to a comparison neighborhood will be used. In 2009 Essex Park received 28 calls, for an anticipated cost to the city of approximately **\$1,270.00** per year. The cost for the provision of this service would be **\$126.95** for the existing property. This figure is calculated by dividing the total 2009 Police Department Budget of \$3,537,150.00 by the number of calls in 2009 (27,862), for a value of \$126.95 per call.

Fire Protection Services:

The Valparaiso Fire Department currently provides fire protection service to the area included in the annexation. The area is estimated to produce approximately two (2) calls per year based on calls received to Essex Park – 4 calls. The annexation area will be served by Station No. 3., to be located on Tower Road/CR 250 W between US 30 and Joliet Road. The annual cost is anticipated to be **\$2,314.00** per year. The existing home on the property is currently served by the Valparaiso Fire Department, and has generated zero (0) calls in the past year, therefore the anticipated cost to the city is **\$0**. This figure is calculated by dividing the total 2009 Fire Department Budget of \$4,183,107.00 by the number of calls in 2009 (3,617), for a value of \$1,157.00 per call.

Street and Road Maintenance:

The annexation will result in the addition of .65 miles to the City street system.

Currently there are 144 State certified miles in the city. The annual maintenance cost per mile is \$13,425.73. This will result in the expenditure of approximately **\$8,727.00** annually for road maintenance for this annexation. If the property is annexed and the proposed development does not occur, it would result in the addition of .21 miles to the road system. This results in a cost of **\$2,819.40** based on the current state of the property. This value is based on a formula in which the 2009 Street Department Budget of \$1,735,179.00 plus half of the \$396,252.00 in annual maintenance costs (1/2 for solid waste, 1/2 for street) or a total of \$1,933,305.00 is divided by the 144 existing certified miles in the City.

The annual cost of road surface replacement based on a 15-year resurfacing schedule is \$85,536.00 per centerline mile. With 0.65 centerline miles included divided by a 15-year replacement schedule at \$5,702.00 per mile per year, the road replacement cost is **\$3,706.00** annually as proposed, and **\$1,197.00** based on the current state of the property.

Finally, the yearly cost of salt for 0.65 centerline miles is based on a cost of \$67.00 per ton, and requiring 38 tons per mile, and would be **\$1,655.00** as proposed and **\$534.66** for the current state of the property based on this formula.

In total, the overall cost for streets and roads is **\$14,088.00** annually as proposed, and **\$4,551.00** as currently developed.

Total Annual Costs to City and Services	\$4,943.00
	\$28,025.00 as proposed

ANTICIPATED ONE-TIME COSTS (Infrastructure Improvements)

Water Utility Service:

Municipal water service is available to the annexation area at this time via water mains located within the ~~Murvin Road~~ *Blaylock Road* right of way. The developers of future subdivisions will provide water infrastructure throughout the subdivisions at their cost. This annexation does not require immediate connection to the municipal water utility, but connections are expected as homes are built. The city cost of providing water service to this area is **\$0**

Sewer Utility Service:

Municipal sanitary sewer service is available at this time to the site via a main located within the right-of-way of ~~Murvin Road~~ *U.S. 301, Murvin Road*. The developer will provide extension of the sewer utility to the property, and throughout the developments at their cost. This annexation does not require immediate connection to the municipal sewer utility. Connections are expected as homes are built. Total cost to the City is **\$0**.

Total One Time Costs to Utilities	\$0
--	------------

Water Service Extensions

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 residential 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.

For developed areas, Valparaiso City Utilities will develop a project to serve those property owners who request water service, to the extent enough property owners request such service. Typically, fifty-one percent of the property owners must request the service and commit to the payment of the service. However, if the cost of the project to serve an developed area is excessively high, such as the need to extend a long length of off-site main, the board of Directors may require a commitment from a larger percentage of property owners. In each case, the Board of Directors makes the final determination.

Sewer Service Extensions

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 residential and business parcel. 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

For developed areas, Valparaiso City Utilities will develop a project to serve those property owners who request sewer service, to the extent enough property owners request such service. Typically, fifty-one percent of the property owners must request the service. However, if the cost of the project to serve an developed area is excessively high, such as the need to extend a long length of off-site main, the Board of Directors may require a commitment from a larger percentage of property owners. In each case, the Board of Directors makes the final determination. If the sewer service is requested and the Board directs it, an assessment roll will be created to assess each property owner an equitable share of the project. Valparaiso City Utilities will then use Barrett Law to construct the project and assess each property owner a share the cost. Payment will be made per provisions of Barrett Law.

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.

FLAT ROCK ANNEXATION FISCAL PLAN SUMMARY

Location

The area included in this annexation consists of property located in Center Township west of the current city limits just north of the northeast corner of US30/Morthland Drive and Hayes Leonard Road more particularly described as follows:

See attached description

Total Acreage	9.54Acres
Number of Dwelling Units	1 Existing, 38 Proposed
Number of Non-Residential Units	0
Percent Contiguous	42.7%
Existing Zoning (County)	R-1 Low Density Single Family Res. (County)
Proposed Zoning	GR General Residential

The proposed annexation complies with the following criteria:

- (1) The area is 42.7% contiguous to the corporate limits of the City, exceeding the minimum 12.5% contiguity requirement of the State annexation law.
- (2) The site lies within a Priority Annexation Area as outlined in the City of Valparaiso Annexation Policy.
- (3) The area does not have an acceptable cost/benefit ratio over the short term, but is more favorable over the long term due to the proposed development.

Total Estimated Annual Revenues (All Sources) \$28,462.00 as proposed

Total Annual Costs to City and Services \$28,025.00 as proposed

	Existing	As proposed
Annual City Revenues	\$3,850.00	\$28,462.00
Annual Utility Revenues	\$657.76	\$25,614.00
Annual City Costs	\$4,943.00	\$28,025.00
One Time City Revenues	\$0	\$170,443.00
One Time Utility Revenues	\$0	\$132,312.00
One Time Utility Costs	\$0	\$0