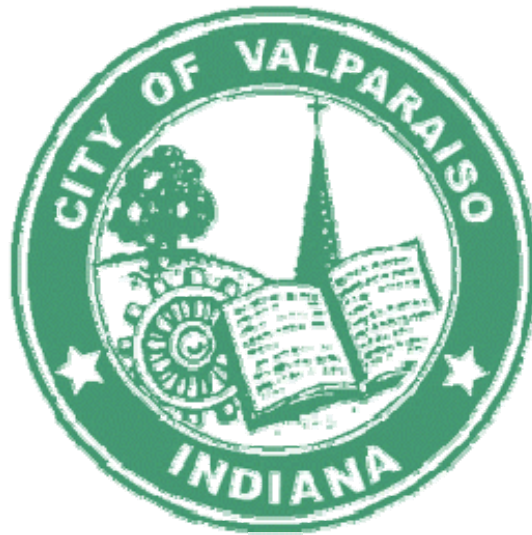


**Ordinance 19-2010 Exhibit "A"**  
**Plan Commission Case A10-001/RZ10-001**



**CARIBBEAN ANNEXATION**  
**FISCAL PLAN**

***DRAFT***

Prepared by:  
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City of Valparaiso  
Planning Department  
February 2010

## **CARIBBEAN ANNEXATION FISCAL PLAN**

SUBJECT: A10-001/RZ10-001 – CARIBBEAN POOLS – Request to annex property known as CARIBBEAN Annexation, Washington Township, T 35N, R5W.

DATE: February 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 Washington Township east of the current city limits at the corner of and between Murvihill Road and US 30 more particularly described as follows:

See attached description

Total Acreage	3.32 Acres
Number of Dwelling Units	1 Vacant to be demolished
Number of Non-Residential Units	3 Proposed
Percent Contiguous	45.6%
Existing Zoning (County)	CM Moderate Intensity Commercial (County)
Proposed Zoning	CG Comm. General

The annexation area consists of vacant land currently occupied by a vacant home. The land included in the annexation petition is under a single ownership, Curtis Joiner. The developer has indicated that the development will be constructed in two phases. The proposal includes three buildings – a 3,264 SF commercial building, a 4,500 SF commercial building, and a 5,760 SF warehouse building.

## **CONTIGUITY**

The northeast annexation area is 45.6% contiguous to the existing City limits

### **“Needed & Can Be Used”**

The CARIBBEAN 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 CARIBBEAN 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 1<sup>st</sup> 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 \$0.9929/100 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 Commercial property, the cap is 3.0%, or the maximum tax that is paid on the property is 3.0% of the Assessed Value (AV).

Total True Tax Value (AV)**	\$138,300.00 Existing AV \$1,000,000.00 AV as proposed
Total Tax Rate (Washington-Valpo)	\$2.638200/100 AV
City Net Tax Rate	\$0.9929 (w/o HC) /100 AV
City % of total tax	37.6%
Total Tax before cap	\$(3,637.00) \$26,300.00
City portion of total tax before cap	\$(1,373.00) \$9,929.00
Maximum Tax Rate (Circuit Breaker)	3.0% Commercial
Maximum tax after circuit breaker	\$(4,149.00) \$30,000.00
City portion of Max. tax after cap	\$(1,367.51) \$9,888.00
Total property tax revenue **	\$ 1,367.00 Existing AV \$ 9,888.00 As proposed
<b>Total Estimated Annual Revenues (Tax)</b>	<b>\$1,367.00 Existing AV</b> <b>\$9,888.00 As proposed</b>

### **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 \$324.00 in LRS funds based on the addition of 0.16 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 \$842.00 in MVH funds based on the addition of 0.16 lane miles to the City inventory.

<b>Total Estimated Annual Revenues (All Sources)</b>	<b>\$2,533.00 Existing</b> <b>\$11,054.00 as proposed</b>
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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.

#### Minimum Monthly Water Revenues

\$29.35/month minimum per meter– 3 commercial buildings w/ one ¾” meter = \$352.20/yr X 3 Buildings = \$1,056.60 The developer is not requesting a fire service line.

#### Minimum Monthly Sewer Revenues

\$14.38/month minimum per meter – 3 commercial building w/ one ¾” meter = \$172.56/yr X 3 buildings = \$517.68

#### Stormwater Fees

The proposed development will require the assessment of the property based on 2 Class 2 buildings at \$44.00 per month X 12 months = 1,056.00 per year

#### **Total Minimum Annual Utility Revenues**

**\$0 Existing**

**\$2,630.28 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 \$4,500.00 per principal structure. Plus \$3,000.00 for a new fire hydrant. This annexation request includes 1 proposed commercial building at a total revenue of \$7,500.00.

#### Sewer Connection Fees

Minimum of \$3,927.00 per principal structure. This annexation request includes 3 proposed commercial building at a total revenue of \$11,781.00.

#### **Total One Time Utility Revenues - \$19,281.00**

## Building and Engineering Permit Fees

The construction of the proposed a 3,264 SF commercial building, a 4,500 SF commercial building, and a 5,760 SF warehouse building will bring the City \$910.00, 1,526.00, and \$1,002 respectively and \$1,030 in Engineering related fees for a total of \$ in revenues based on a total permit fee.

**Total One Time CITY Revenues \$4,469.00**

## 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 commercial building owner. Therefore, the expected cost of the proposed development is **\$0** annually.

### 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 development will be used. In 2009 the owner's current facility in Schererville received 1 call, for an anticipated cost to the city of approximately **\$126.95** per year as proposed. This figure is calculated by dividing the total 2009 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 one (1) call per year based on calls received to the owner's current facility in Schererville – 1 call. The annexation area will be served by Station No. 1, located at 205 Indiana Avenue. The annual cost is anticipated to be **\$1,157.00** per year for the proposed development. This figure is calculated by dividing the total 2009 Fire/EMS Department Budget of \$4,187,103.00 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 .16 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 **\$2,148.00** annually for road maintenance for this annexation. 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 0.16 centerline miles included divided by a 15-year replacement schedule at \$5,702.00 per mile per year, the road replacement cost is **\$912.00** annually.

Finally, the yearly cost of salt for 0.16 centerline miles is based on a cost of \$67.00 per ton, and requiring 38 tons per mile, and would be **\$407.00** based on this formula.

In total, the overall cost for streets and roads is **\$3,467.00** annually.

**Total Annual Costs to City and Services                      \$4,750.00 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 Murvihill 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 Murvihill 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 main<sup>1</sup>.

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.<sup>2</sup>

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

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<sup>1</sup> 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.

<sup>2</sup> 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.

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.

**CARIBBEAN ANNEXATION FISCAL PLAN SUMMARY**

Location

The area included in this annexation consists of property located in Washington Township northeast of the current city limits at the intersection of and between Murvihill Road and US 30 and more particularly described as follows:

See attached description

Total Acreage	3.32 Acres
Number of Dwelling Units	1 Vacant to be demolished
Number of Non-Residential Units	3 Proposed
Percent Contiguous	45.6%
Existing Zoning (County)	CM Mod. Intensity Comm.
Proposed Zoning	CG Commercial General

The proposed annexation complies with the following criteria:

- (1) The area is 45.6% 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 within one year as proposed by the petitioner.

**Total Estimated Annual Revenues (All Sources)    \$11,054.00 as proposed**  
**vs.**

**Total Annual Costs to City and Services                    \$4,750.00 as proposed**

	Existing	As proposed
Annual City Revenues	\$2,533.00	\$11,054.00
Annual Utility Revenues	\$0	\$2,630.28
Annual City Costs	\$0	\$4,750.00
One Time City Revenues	\$0	\$4,469.00
One Time Utility Revenues	\$0	\$19,281.00
One Time Utility Costs	\$0	\$0