

2011 Preliminary Annexation Report

Proposed Annexation Areas:

- ✓ *Rhyne*
- ✓ *Whitehall*
- ✓ *Camp Stewart South*

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SUMMARY AND RECOMMENDATION

The 2011 Annexation Study has identified three (3) areas eligible for annexation. The three proposed annexation areas are Rhyne, Whitehall, and Camp Stewart South. The recommended effective date for annexation of these areas is June 30, 2011. These areas, with an estimated total population of 4,071 persons, meet the criteria set forth in the state annexation statutes (see page 15). Maps of the boundaries of these areas are shown on pages 10-13.

An analysis of revenues and costs (pages 16-23, and summarized on 24-31) indicates total projected operating revenues of \$1,392,023 and \$1,730,259 in the first and second years of annexation, respectively. The anticipated service costs are \$1,538,182 and \$1,319,352 in the first and second years, respectively. In addition, \$28,800,000 in capital improvements are recommended for water and sewer service extensions. The total real and personal property valuation represented in these three areas is approximately \$340 million.

IT IS RECOMMENDED that City Council proceed to annex the eligible areas in accordance with the procedures established by law (pages 5-6). Specifically, it is recommended that at the meeting of June 14, 2010, the City Council adopt the following annexation schedule:

COUNCIL ACTION	RECOMMENDED DATES
Adopt Resolution of Intent	June 14, 2010
Approve Final Plan & Annexation Reports	June 14, 2010
Hold Public Informational Meeting	August 5, 2010
Conduct Public Hearings	August 23, 2010 ⁽¹⁾
Pass Annexation Ordinances	November 22, 2010
Ordinance Becomes Effective	June 30, 2011

⁽¹⁾ Suggested date. Actual date must be at least 60 days, but not later than 90 days after Resolution of Intent. Hearings can be set on a single or multiple days.

I. THE ANNEXATION PROCESS

INTRODUCTION: THE BASIS FOR ANNEXATION

In 1955, the Charlotte City Council and the Mecklenburg Board of County Commissioners consolidated their separate planning boards into the Charlotte-Mecklenburg Planning Commission. In the ordinance of consolidation the Planning Commission was directed to recommend to City Council, from time to time, areas that should be annexed into the City.

Accordingly, City staff has recommended nineteen major annexations over the years, not including this current proposal. Timely annexations that keep the City abreast of the growth that takes place outside its corporate limits are a long-standing tradition for Charlotte. By successive annexations, Charlotte has grown from its original size of about one-half square mile to its present size of approximately 299 square miles.

In 1959, the State Legislature revised the statute that governs how cities may annex adjacent areas. The law stipulates that areas cannot be annexed unless they have certain characteristics of urbanization. It also stipulates that they cannot be annexed unless the City is prepared to provide the areas with all the facilities and services that are provided within the existing City. If these two requirements are met, in concert with other less significant requirements, the City is authorized to annex the area without a vote of the people.

The preamble to the State statute expresses clearly the objectives that the annexation statute is intended to serve:

Declaration of Policy -- It is hereby declared as a matter of State policy:

- (1) That sound urban development is essential to the continued economic development of North Carolina;
- (2) That municipalities are created to provide the governmental services essential for sound urban development and for the protection of health, safety and welfare in areas being intensively used for residential, commercial, industrial, institutional and governmental purposes or in areas undergoing such development;
- (3) That municipal boundaries should be extended in accordance with legislative standards applicable throughout the State, to include such areas and to provide the high quality of governmental services needed therein for the public health, safety and welfare; . . .

§ 160A-45

Annexation is considered to be a continual process. On a biennial basis (every other year), all areas adjacent to the City are evaluated for possible annexation under the requirements of State statute. (The City of Charlotte has a policy of completing the annexation cycle with an effective date of June 30th of every odd-numbered year.) For areas found to be eligible, plans are developed for the provision of all required municipal services and an estimate is made of the cost of providing such services. This enables a determination to be made of the financial feasibility of annexing eligible areas, and lays the foundation for prudent, specific annexations.

Progressive annexation has enabled Charlotte and surrounding urban areas to avoid many problems that other communities have experienced and have found difficult or impossible to solve. Many residents of newly annexed areas benefit from having improved fire protection, refuse collection, municipal traffic management, street lights, availability of basic water and sewer facilities, and other standard municipal services. If the City did not have the ability to expand its limits in response to adjacent urban growth, ultimately it would find itself surrounded by vast suburban areas that would not contribute financially in meeting the needs of the total urban community. Through annexation, the tax base of the entire urban area is available to meet the needs of that area. Furthermore, public services can be offered in a more efficient, consistent, equitable, and cost-effective manner.

STANDARDS FOR QUALIFICATION OF AREAS FOR ANNEXATION

In order to qualify for annexation, an area must meet several specific requirements set forth in the State statutes. The total area to be annexed must meet the following criteria. First, it must be contiguous to (adjacent to) Charlotte's city limits. Second, at least one-eighth (1/8) of the aggregate external boundaries of the area must coincide with the municipal boundary. Third, no part of the area can be within the boundary of another incorporated municipality.

An area that is to be certified for annexation must be developed for urban purposes. An area qualifies if it meets just one of the following development standards:

- (1) the area has a total resident population equal to at least two and three-tenth (2.3) persons per acre of land included within the proposed boundaries; or
- (2) the area has a resident population of one person per acre, and is subdivided into parcels such that at least 60% of the total acreage consists of lots and tracts three acres or less in size and such that at least 65% of the total number of lots and tracts are one acre or less in size; or
- (3) the area is so developed that at least 60% of the total number of lots and tracts are used for residential, commercial, industrial, institutional or governmental purposes; of the total residential and undeveloped acreage more than 60% consists of lots and tracts three acres or less in size; or
- (4) the area is developed such that all tracts in the area are used for commercial, industrial, governmental, or institutional purposes.

In addition to areas developed for urban purposes, the city may include in an annexation area certain areas which at the time of annexation are not developed for urban purposes, but which constitute “necessary land connections” between the current city boundaries and areas developed for urban purposes (and meeting annexation qualifications), or between two or more areas developed for urban purposes (and meeting annexation qualifications). However, these land connection areas may not exceed twenty-five percent (25%) of the total land area to be annexed. This provision is more fully described on page **15** of this report.

Prior to an area being annexed, the City of Charlotte must indicate how it intends to provide the area with public services, so that the area will receive services at substantially the same levels as

areas already within the present corporate limits. On the date of annexation, the City must begin to provide police and fire protection, garbage collection, and street maintenance services to the area. Garbage collection services at the time of annexation may be either provided in the annexed area by private solid waste collection firms under contract with the City, or by City solid waste crews and equipment. As an alternate to receiving service from the City Fire Department, a contract with a rural fire department to provide fire protection shall also be an acceptable method of providing fire protection in newly-annexed areas. If a water distribution system is not available within the area to be annexed, reasonably effective fire protection service must be provided until such time as water lines are made available under existing municipal policies for the extension of water lines.

The City must also provide for the extension of major trunk water mains and sewer outfall lines into the areas being annexed so that property owners may obtain water and sewer service. If the mains and outfalls are not in place at the time of annexation, the City must assure that plans are underway to provide these facilities. The plans shall call for water and sewer construction to be completed within two years of the effective date of annexation, in accordance with applicable state law. The law also stipulates that the City must indicate the method under which it intends to finance the extension of the above services.

STUDY PROCEDURE

Staff from the Charlotte-Mecklenburg Planning Department, under the local ordinance by which it was established, is given the responsibility of preparing annexation recommendations. As an ongoing function, the staff gathers data concerning land development and population growth which helps determine qualifying areas. The information on the three proposed areas is given in Part II of this report (pages 7-15).

Under state law, areas being considered for annexation must be identified at least one year prior to the beginning of formal annexation proceedings, or the effective date of annexation must be delayed for one year. Notice prior to annexation proceedings is accomplished through City Council adoption of a Resolution of Consideration which delineates the geographical area under consideration for annexation. City Council must then wait one full year (but no more than two years) before initiating formal annexation proceedings. On June 8, 2009, City Council passed

Resolutions of Consideration for areas which encompass the areas now being considered for annexation.

Once an area is determined to be eligible for annexation, municipal departments are asked to submit cost estimates on anticipated capital expenditures and operating expenses associated with serving the annexation areas, and, if applicable, anticipated revenues. As part of this process, meetings are held among the departments to discuss mutual concerns, problems, and policies. The cost/revenue estimates are presented in Part III of this report (pages 16-31).

ANNEXATION PROCEDURE

Under the North Carolina municipal annexation law, specific procedures are identified that must be followed by the local governing body that is initiating annexation. The following is a summary of those procedures:

- (a) Notice of Intent: The governing body must pass a resolution stating the intent of the municipality to consider annexation. The resolution should describe the boundaries of the area under consideration; fix a date for a public information meeting to be held between 45 and 55 days following passage of the resolution; and fix a date for a public hearing to be held between 60 and 90 days following passage of the resolution.
- (b) Action Before the Hearing: At least 30 days before the date of the hearing, the governing body shall approve a report concerning annexation and subsequently make the report available to the public at the office of the City Clerk.
- (c) Public Informational Meeting: A City official is required to explain the plans contained in the report, and then citizens from the areas proposed for annexation and also from the current City and larger community are given the opportunity to ask questions and receive answers regarding the proposed annexation.
- (d) Public Hearing: A City official shall present the annexation report after which all persons, both of the annexed area and the City, shall be given an opportunity to direct comments to City Council.
- (e) Passage of the Annexation Ordinance: The City Council, after considering the report and the facts presented at the public hearing, has the authority to make amendments to the report. No sooner than 10 days after the hearing and no later than 90 days after the hearing, the Council can adopt an ordinance extending the city limits. The ordinance shall fix the effective date of annexation.

The annexation effective date may be set any time, as long as it is not less than 70 days nor more than 400 days from the date of passage of the annexation ordinance. The timing, however, has a

significant effect on the collection of taxes. Under the present statute, taxes are to be pro-rated on the basis of the number of full months in the fiscal year in which annexation takes place. The statute also contains a provision relating to payment of taxes in annexed areas so that they are due and payable at the same time as other taxes.

If an annexation takes place between July 1 and September 1, taxes are due and payable on September 1 of that same year. However, if the annexation is after September 1, taxes are not due until the following September 1. Thus, if an annexation were to become effective after September 1, the City must provide the required services without securing any revenues from taxes until the following September 1.

II. DESCRIPTION OF AREAS PROPOSED FOR ANNEXATION

INTRODUCTION

The Charlotte urban area is increasing both in physical size and numbers of people. The U.S. Census Bureau established that the population of the Charlotte urban area increased by 66.6 percent during the 1990s, reaching a population of 758,927 by 2000 (including 540,828 within the city limits in 2000). This urban area encompasses 109 percent of the county's total year 2000 population. (Areas beyond the Mecklenburg County boundary meet the Census Bureau's definition of "urban area".)

In order to provide the services and facilities essential to sound urban development, Charlotte's municipal boundaries must keep pace with the expanding community. Charlotte's last major annexation occurred on June 30, 2009, when approximately 18,000 people residing in an area of 11 square miles became part of the City of Charlotte. However, development has continued in parts of the county at a steady pace since the last annexation study was conducted in 2008.

Therefore, an annexation study was undertaken in early 2010 to review areas along the periphery of the City to assess their potential for future annexation. A total of three (3) areas have been found eligible for annexation in accordance with the 1959 North Carolina Municipal Annexation Statutes, G. S. Chapter 160A, Article 4A, Part 3. These three (3) proposed annexation areas are shown in the maps on pages 10-13.

If these areas are annexed, they would add to the physical size of Charlotte and its total population. Together, they comprise 3.80 square miles, which would increase Charlotte's physical size (currently approximately 299.3 square miles) by slightly over one percent. An estimated 3,990 persons -- or the equivalent of 0.5 percent of Charlotte's current estimated population of 726,284 ⁽¹⁾ -- live within these areas. As a result of the proposed annexation, the population of Charlotte would increase to about 730,274 while its physical size would be approximately 303.1 square miles.

⁽¹⁾ estimated population of the City of Charlotte for 7/1/09 developed by Charlotte-Mecklenburg Planning Department

PROPOSED ANNEXATION AREAS

RHYNE

This area is located west of the current city boundaries, lying north of Mt. Holly Road, right at the Mt. Holly Road/I-485 interchange. The Cedar Mill residential community, as well as the interstate interchange, occupy the majority of the area, along with some older lower-density residential properties east of I-485. The area contains a total of 288.6 acres with an estimated population of 618.

This area qualified under Section c(1), as well as Subsection d of the North Carolina General Statutes (see Qualifying Criteria and General Annexation Eligibility Standards), as described on page 15.

WHITEHALL

Located west of the current City limits and northeast of I-485 between the South Tryon Street and Arrowood Road interchanges, this area consists of portions of the Whitehall and Renaissance Center business parks as well as the Villas at Laurel and Carrington Place residential communities. The area is a mix of residences and business parks, contains a total of 664.6 acres and has an estimated residential population of 1,272.

The area qualifies for annexation under Section c(1) as well as Subsection d of the North Carolina General Statutes (see Qualifying Criteria and General Annexation Eligibility Standards), as described on page 15.

CAMP STEWART SOUTH

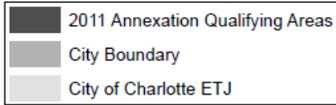
This area is situated to the east of the present city limits in the Albemarle Road/Harrisburg Road area, west of I-485. It contains the Lamplighter Village, J.H. Gunn, and Cedarbrook residential

communities as well as the developing Woodbury subdivision. It also includes the Wilgrove airport. The area contains 1,479.8 acres and has an estimated residential population of 2,181.

The area qualified for annexation under Sections c(2) and c(3), as well as under Subsection d of the North Carolina General Statutes (see Qualifying Criteria and General Annexation Eligibility Standards), as described on page 15.

2011 Annexation Qualifying Areas

City of Charlotte



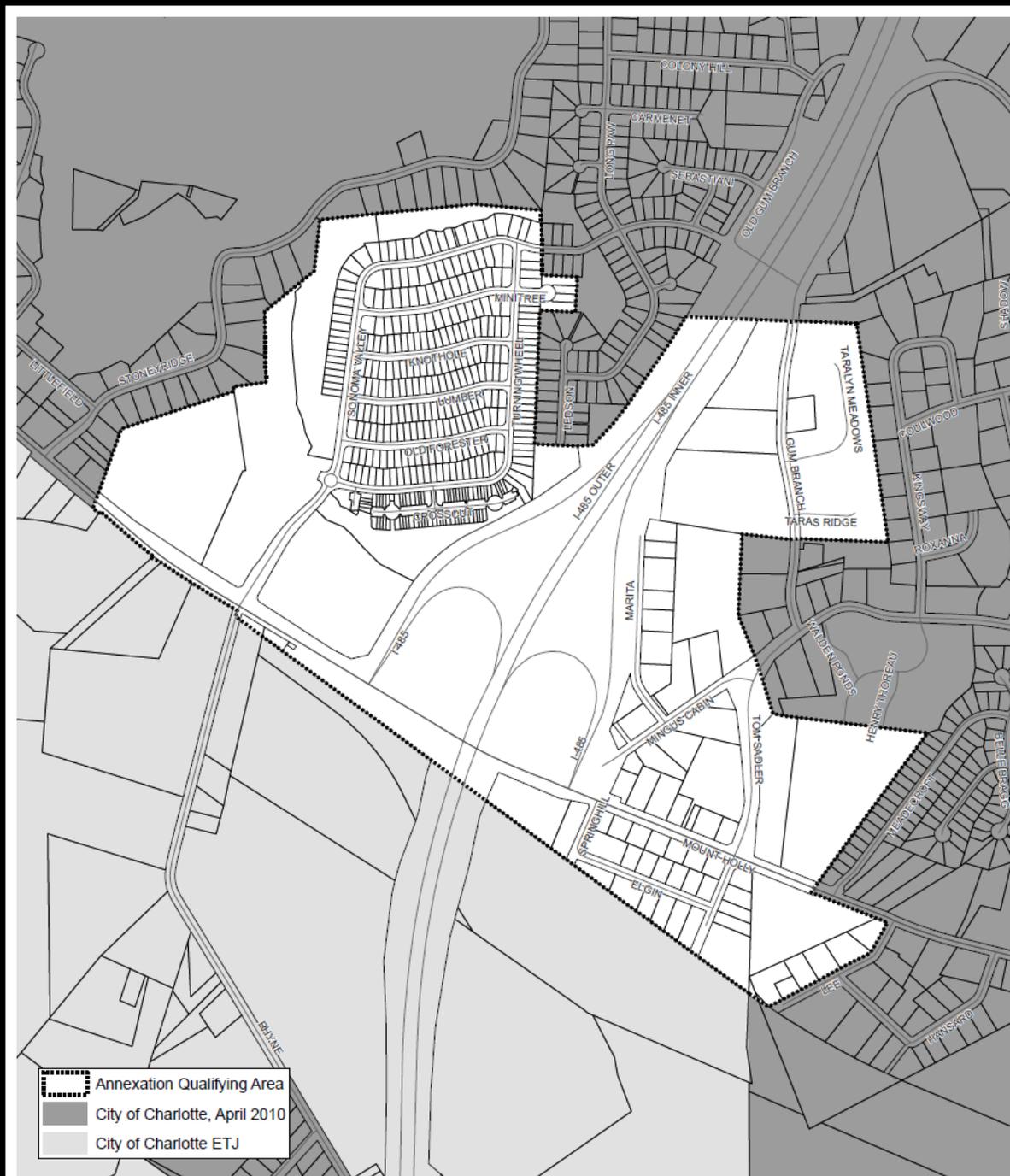
Produced by the Charlotte-Mecklenburg Planning Department
 Data Source: City of Charlotte, Mecklenburg County



Data current as of February 15, 2010

Rhyne

2011 Annexation Qualifying Area

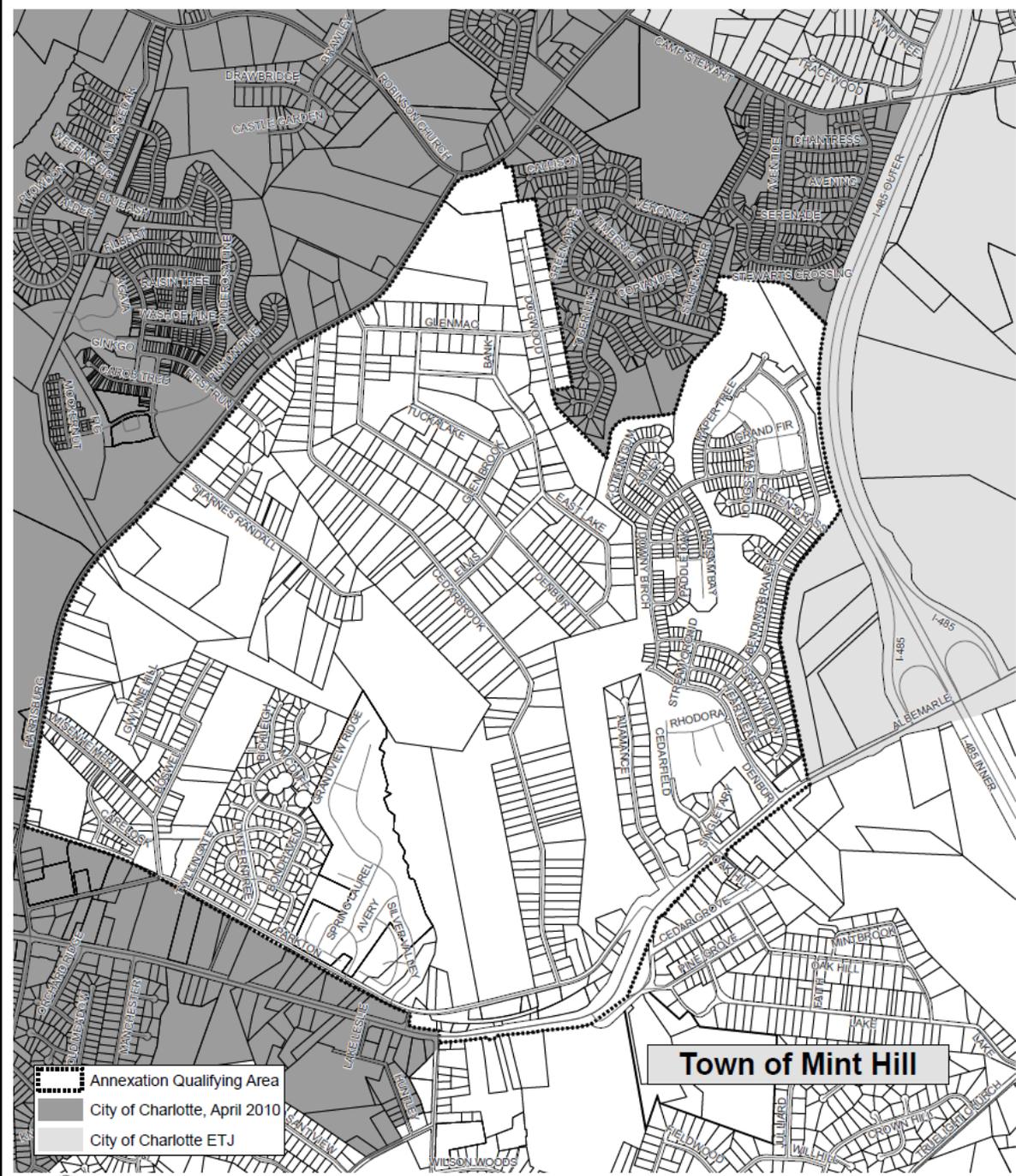


Produced by the Charlotte-Mecklenburg Planning Department
 Data Source: City of Charlotte, Mecklenburg County

Data current as of April 9, 2010

Camp Stewart South

2011 Annexation Qualifying Area



Produced by the Charlotte-Mecklenburg Planning Department
 Data Source: City of Charlotte, Mecklenburg County

Data current as of April 9, 2010

QUALIFYING CRITERIA (2011 Annexation Qualifying Areas)

Name of Annexation Qualifying Area	Rhyne	Whitehall	Camp Stewart South	
Minimum Statutory Standard				
Statutory Requirements (Area must meet <u>one</u> of three below)				
“C-1”: 2.3 persons per acre	2.83	2.53	1.96	
“C-2”: 1.0 person/acre <u>plus</u> 60% acreage 3 acres or less & 65% lots 1 acre or less	46.2% 95.7%	22.0% 90.8%	61.8% 82.6%	
“C-3”: 60% lots in use & 60% acreage residential or vacant	50.5% 69.0%	28.1% 84.6%	67.0% 68.1%	
1/8 (12.5%) common boundary	75.1%	71.8%	68.1%	
Subsection “d”				
Maximum 25% of total area	24.3%	24.5%	24.8%	
60% minimum common boundary	100%	100%	100%	
Estimated population	618	1,272	2,181	4,071
Total acres	288.6	664.6	1,479.8	2,433.0
Number dwelling units	288	642	966	1,896

3.80 square miles

(Bold figures above indicate where statutory qualifying requirements have been met)

GENERAL ANNEXATION ELIGIBILITY STANDARDS

(160-48, General Statutes of North Carolina)*

A. BOUNDARY REQUIREMENT

- (b)(2). at least one-eighth (1/8) (or 12.5%) of the annexation area boundary must coincide with the current municipal boundary

B. DEVELOPMENT REQUIREMENT

The area must meet any one of the following three standards:

- (c)(1). Population density of at least two and three-tenths (2.3) persons per acre

- (c)(2). At least one person per acre subdivided into lots and tracts such that at least 60% of total acreage is lots three acres or less and at least 65% of total number of lots are one acre or less

- (c)(3). at least 60% of total number of lots are used for residential, commercial, industrial, institutional, or governmental purposes and at least 60% of total acreage (not counting nonresidential) consist of lots three acres or less

C. In addition to areas developed for urban purposes as above, the city may include in the annexed area any area which does not meet the above development requirements if such area does not exceed 25% of the total area to be annexed and either:

- (d)(1). lies between the municipal boundary and a developed area so that services must be extended through the area to reach the urban area, or
- (d)(2). at least 60% of external boundary of such area is adjacent to any combination of the municipal boundary and the boundary of an area or areas developed for urban purposes as defined in subsection (c).

(purpose of this provision – known as subsection (d) - is to provide for necessary land connection)

*NC Annexation Statutes may be found on-line at:

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_160A/Article_4A.html

III. ECONOMIC ANALYSIS

REVENUES

The City has prepared an analysis of forecasted revenues as part of an economic analysis for the three (3) prospective annexation areas. These revenues include property tax, sales tax, franchise tax, motor vehicle license fees, cable TV franchise tax, business privilege tax, animal licenses, beer and wine tax, solid waste disposal fees, and Powell Bill funds.

Real and Personal Property Tax (\$1,518,780). The appraised value of real property as of March, 2010 was provided by the City-County Land Records Office. Personal property values also were obtained from Land Records. Using this data, the total appraised value of all taxable real and personal property in the proposed annexation areas is estimated to be \$339,669,129 (\$291,797,598 of real property and \$47,871,531 of personal property). When escalated for growth, this value would generate approximately \$1.5 million in additional City property tax revenues during the first year of annexation (FY2012), assuming the current City tax rate of 45.86 cents per \$100 valuation.

Police Service District Tax (-\$1,002,760). As described below in the Police Services section, the impact of annexation on the funding of police services results in the shift of an estimated \$1,002,760 from the Police Service District tax to Personal Property tax.

Other Revenue Sources (\$876,003). Storm Water anticipates \$212,823 in total revenues to be generated from single-family homes and commercial properties and is calculated based on impervious surfaces. The City will receive approximately \$111,034 from Powell Bill funds, which are distributed to local municipalities from the State's gasoline tax. Commercial concerns such as utilities (Duke Energy, BellSouth, etc.) and other franchisees pay a utility franchise tax based on gross annual receipts within the city. This will return an estimated \$146,689 from the proposed annexation areas. The Solid Waste Disposal Fee, assessed at an annual rate of \$45 per single-family residence and \$27 per multi-family residence, is estimated to total \$70,542. Business Privilege License fees will generate \$15,188. About \$83,130 will be realized from the \$30 license fee collected on motor vehicles owned by City residents. Sales taxes will generate an additional \$28,797 in the first year and \$327,858 in the second year (FY2013). Cable TV franchise fees collected for new residents in the annexation areas will total \$185,333.

All other miscellaneous revenues - including Beer and Wine taxes, and Animal Control fees - are estimated to total \$22,467.

In summary, total revenue during the first year from these annexation areas is estimated to be \$1,392,023. Of this amount, \$893,332 is assigned to the City's General Fund, \$84,432 to Municipal Debt Service, \$90,402 to Pay-As-You-Go capital projects, \$111,034 to the Powell Bill Fund, and \$212,823 to the Storm Water Fund.

SERVICE COSTS

Under the North Carolina annexation statutes, municipal services must be extended to a newly annexed area. The following is an estimate of how much it will cost each affected Key Business Unit to furnish its respective services to the proposed annexation areas. The figures given in parentheses are the estimated first-year service costs for that Key Business. A summary of all costs and revenues is given at the end of this section.

The City of Charlotte has an extensive competition/privatization program. Many of the services included would be provided by the private sector and monitored by the City.

POLICE (\$0). As of October 1, 1993 police services were consolidated from two organizations (Mecklenburg County Police and City of Charlotte Police) into one (Charlotte-Mecklenburg Police Department). Across the entire service area police services are administered uniformly. Therefore, police service delivery in the proposed annexation areas would remain unchanged. The City's Police Services agreement with Mecklenburg County provides funding from the unincorporated areas in proportion to population. Funding of police services would shift from the collection of Mecklenburg County's Police Service District tax to the City of Charlotte's property tax effective June 30, 2011. The estimated amount of Police Service District tax that would shift to the property tax is \$1,002,760.

FIRE (\$107,044). The Fire Department provides residents of Charlotte with fire protection and fire prevention services, while maintaining standards consistent with the recommended requirements of the Insurance Service Office. To operate effectively during the first year, the Fire Department will incur expenditures of \$107,044.

The Fire Department can provide a level of service commensurate to that available city-wide in the areas proposed for annexation without adding fire stations. Emergency services can be provided to these areas within acceptable time limits by existing fire stations.

A contract with a Volunteer Fire Department (VFD) to provide fire protection also is an acceptable method of providing fire protection. If a volunteer fire department makes a written request for a good faith offer, the City is required to make a good faith effort to negotiate a five-year contract with the rural fire department to provide protection in the area to be annexed. If the existing department does not wish to enter into such a contract, the city offers to pay in lieu of a contract a sum equal to a determined economic loss. The estimated economic loss for the Volunteer Fire Departments affected by this annexation is approximately \$150,582.

This annexation will require the addition of two staff positions to enhance fire dispatching and fire code enforcement.

TRANSPORTATION (\$1,213,130). The City's Transportation Key Business has the general responsibility of developing and maintaining safe and efficient means of moving vehicular traffic and pedestrians on the streets and highways of Charlotte. This includes the construction and maintenance of facilities located within the City's right of way and the installation and maintenance of street markers and traffic control signs and signals.

Several streets in the proposed annexation areas will require repair and resurfacing. As a result, the operating budget for the department's Street Maintenance Division is expected to increase by \$997,793, to improve streets to City maintenance standards. The first year's cost to provide other CDOT services to the proposed areas is estimated to be \$215,337, which includes \$181,087 for street signage, signals, and markings, and \$34,250 to cover annual electricity costs for 46 existing neighborhood street lights.

ENGINEERING AND PROPERTY MANAGEMENT (\$9,260). The general objectives of the department are to plan, design, and control construction of new capital improvements to meet community needs; to develop programs for maintaining existing public facilities such as streets, sidewalks, bridges, curbs, gutters, and drainage facilities; and to ensure that private development

adheres to certain City regulations. The first year's cost to provide these services to the proposed areas is estimated to be \$9,260.

The Land Development Division is responsible for engineering services for other City businesses, and for administration of certain City regulations relative to development. The Landscape Management Division is the beautification arm of the City and is responsible for removing safety-obstructing vegetation. Its functions involve the mowing of street right of way, construction and maintenance of urban beautification projects, and maintaining median strips along major thoroughfares. The division also responds to public requests. A total of \$3,704 is needed to provide additional right of way mowing in the annexation areas.

The Survey/Mapping Division is responsible for providing survey and mapping services to transportation projects, sidewalk projects, storm water projects, and land development projects. An additional \$5,556 is required to obtain additional topographic maps of the annexation areas.

SOLID WASTE SERVICES (\$208,748). This key business offers a diverse range of services to City residents including collections of refuse, yard waste, and recyclables, as well as street cleaning. First year costs for the business totaling \$208,748 are detailed below according to its major divisions. Included in this total request is \$69,466 for landfill service charges.

Collections Division (\$139,282).

The objective of the Collections Division is to provide weekly residential garbage, yard waste, and recyclables pick-up and bulky item collection. The City also contracts with private haulers to provide services to some multi-family complexes and effective July 2010 for bi-weekly recycling pick-up for single family homes in the City. In order for the Collections Division to supply these services to the proposed annexation areas, its operations budget will increase by a total of \$139,282 for residential service in the following areas: \$99,838 for single-family garbage, yard waste and bulky item collection and \$34,663 for contract payments to Inland Service Corporation for recycling collection and Allied Waste for multi-family collection. New refuse and recycling roll-out containers will be purchased in FY11 for the additional annexation customers, and annual maintenance of these containers will be required at a cost of \$4,781.

A contract with a private solid waste collection firm to provide the collection service is an acceptable method of providing such service in the proposed annexation areas. If a private solid waste collection

firm of sufficient size is providing the collection service in one or more of the proposed annexation areas requests a contract, the City is required to either contract with such firm for a period of two years after the effective date of annexation or pay to such firm in lieu of a contract a sum equal to a determined economic loss. The written request for a contract must be delivered to the City Clerk at least 10 days before the annexation public hearing. The estimated economic loss for private solid waste collection firms affected by this annexation is \$315,755.

Customer and Public Services (\$0).

The Customer Services division serves as the first point of contact with Charlotte citizens with questions and requests for information related to the services provided by the Solid Waste Services Key Business. The Public Services division develops and implements public information programs, public education initiatives, and media-related services. The division also monitors daily field operations to ensure contract compliance and customer satisfaction. No additional funding will be needed in this proposed annexation to provide these customer and public services.

CHARLOTTE-MECKLENBURG UTILITIES (\$28,800,000 CAPITAL). This key business is responsible for the design and construction of water and sewer systems throughout the City and County. Capital cost of providing water and sewer services to the proposed annexation areas, in a manner consistent with the existing annexation laws and the Water/Sewer Extension Policy, is estimated to be \$28.8 million. The plans for construction of water and sewer extensions must be completed within two years of the effective date of annexation.

AREA	WATER	SEWER	TOTAL
Rhyne	\$300,000	\$1,200,000	\$1,500,000
Whitehall	\$0	\$0	\$0
Camp Stewart South	\$4,000,000	\$23,300,000	\$27,300,000
TOTALS	\$4,300,000	\$24,500,000	\$28,800,000

This method of providing water and sewer services to the proposed annexation areas offers the following:

- (1) Provision of a service level that is defined in the Water/Sewer Extension Policy as adopted by the Charlotte City Council allows uniform and consistent extensions and service connections whether in the newly annexed areas or in the existing City limits. All residents are provided the same basic level of service.

- (2) The Water/Sewer Extension Policy as adopted by the Charlotte City Council mandates that extension of water and sewer street mains from the basic system of fire hydrants and the basic system of outfalls will be financed by the user through the payment of tapping privilege fees. This makes possible the equitable uniform user charge for sewer service as required by the Environmental Protection Agency.
- (3) The basic system of fire hydrants and sewer outfalls to the street will be provided in accordance with the Water/Sewer Extension Policy as adopted by the Charlotte City Council. Water and sewer extensions will be made in streets to serve residents in the newly annexed areas at the time residents apply for the service, pay the tapping privilege fee, and when the total tapping privilege fees collected will pay for at least one-half of the estimated construction cost of the extension unless modified by a public health hazard.
- (4) The Water/Sewer Extension Policy as adopted by the Charlotte City Council provides a method for more timely installation of water/sewer street mains when residents need and request them. It minimizes a costly capital outlay that may not be used because owners have wells and septic tanks that are operating properly. The system of resident application, petition, and financing at the time of his need allows maximum customer participation in selecting when the improvements will be made.

ANNEXATION START-UP COSTS

In addition to the annual operating costs for provision of services to the annexation areas, it is necessary to provide funding prior to the effective annexation date to hire, train, and equip employees in certain departments. This funding will be necessary in December of 2010. For the June 30, 2011 annexation areas, the following start-up costs will be required:

<u>Key Business</u>	<u>Personnel</u>	<u>Operating Expenses</u>	<u>Capital Expenses</u>	<u>Total</u>
Fire	\$0	\$2,100	\$0	\$2,100
Solid Waste Services	\$9,086	\$89,733	\$0	\$98,819
Neighborhood Development	\$0	\$0	\$0	\$0
Corporate Communications	\$0	\$78,010	\$0	\$78,010
Economic Loss	\$0	\$466,337	\$0	\$466,337
Utilities	0	0	\$22,900,000	\$22,900,000
Total	\$9,086	\$636,180	\$22,900,000	\$23,545,266

Fire Department start-up costs of \$2,100 provide for recruitment and hiring expenses for one Fire Inspector position and one Telecommunicator position.

Solid Waste Services start-up costs of \$98,819 include \$89,733 for the purchase of refuse and recycle roll-out containers and \$9,086 for salaries for two new Equipment Operator positions.

Corporate Communications start-up costs of \$78,010 include advertising, printing and postage expenses related to the publishing of required public notices, newspaper ads, and public information.

Economic loss start-up costs of \$466,337 provide for a reserve for anticipated contracts for volunteer fire departments and private solid waste collection firms.

The cost of providing water and sewer services to the proposed annexation areas, in a manner consistent with the existing annexation laws and the Water/Sewer Extension Policy, is estimated to be \$28.8 million, of which \$22.9 million is appropriated in FY2011 in the approved capital program to begin construction of the McKee Creek Sewer Outfall and to provide basic water and sewer services within two years of the effective date of annexation.

Annexation Start-Up Funding Strategy

The start-up costs identified above will be needed in January 2011 to implement the proposed annexation of the six areas. Funding for these start-up costs is recommended to come from the following sources:

➤	<u>Contribution from General Fund Fund Balance</u>	\$645,266
➤	<u>FY2011-2015 Capital Investment Plan (Approved)</u>	\$22,900,000
	TOTAL	\$23,545,266

ANNEXATION ONE-TIME COSTS

One-time costs are for materials and equipment that would be included in the FY2012 budget, but would not be budgeted in subsequent years.

One-time costs for the proposed 2011 Annexation \$6,081,087. Included in these costs is \$5.9 million to be appropriated in FY2012 in the approved Water and Sewer capital program to provide water and sewer services in a manner consistent with the existing annexation laws and the Water/Sewer Extension Policy; and \$181,087 for pavement marking and street signage materials.

ANNEXATION RECURRING COSTS

Recurring costs are on-going operating expenses for the proposed annexation which will be included in the FY2012, FY2013, and subsequent years' budgets. Additional funds are needed to provide services to the proposed annexation areas commensurate with the service levels currently provided to existing areas of the City.

Recurring expenses for the proposed annexation areas in the 2011 Annexation total \$1,357,095. Included in these expenses is \$1,032,043 for street maintenance and street lighting, \$208,748 for garbage pick-up, \$107,044 for fire protection services, and \$9,260 for engineering survey, mapping, and landscape maintenance expenses.

2011 Annexation Area Economic Analysis: Consolidated

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
EXPENDITURES					
TRANSPORTATION					
Street Lighting	0	0	34,250	34,250	34,250
Operations	0	141,087	0	141,087	0
Electronic Systems	0	40,000	0	40,000	0
FIRE					
Operations	2,100	0	107,044	107,044	110,033
SOLID WASTE					
	98,819	0	208,748	208,748	215,623
ENGINEERING					
Operations	0	0	9,260	9,260	9,260
CITY MANAGER'S OFFICE					
Corporate Communications	78,010	0	0	0	0
NEIGHBORHOOD & BUSINESS SERVICES					
	0	0	0	0	0
BUSINESS SUPPORT SERVICES					
	0	0	0	0	0
ECONOMIC LOSS					
Volunteer Fire Departments	150,582	0	0	0	0
Private Solid Waste Collection Firms	315,755	0	0	0	0
TOTAL GENERAL FUND	645,266	181,087	359,302	540,389	369,166
POWELL BILL FUND					
Street Maintenance	0	0	997,793	997,793	950,186
UTILITIES	0	0	0	0	0
STORM WATER FUND	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	645,266	181,087	1,357,095	1,538,182	1,319,352
GENERAL CAPITAL					
Fire Stations	0	0	0	0	0
UTILITIES (Capital Expend)					
Water	2,150,000	2,150,000	0	2,150,000	0
Sewer	3,750,000	3,750,000	0	3,750,000	0
McKee Creek Sewer Interceptor	17,000,000	0	0	0	0
TOTAL EXPENDITURES	23,545,266	6,081,087	1,357,095	7,438,182	1,319,352

2011 Annexation Area Economic Analysis: Consolidated

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
REVENUES					
TAXES AND FEES					
Property Taxes ⁽¹⁾	0	0	1,249,533	1,249,533	1,274,523
Police Service District Reduction ⁽¹⁾	0	0	(824,992)	(824,992)	(841,492)
Business Privilege	0	0	15,188	15,188	15,644
Cable TV Franchise	0	0	185,333	185,333	190,894
Animal Control	0	0	2,844	2,844	2,929
Utility Franchise	0	0	146,689	146,689	151,090
Sales Tax ⁽¹⁾	0	0	14,719	14,719	167,572
Beer and Wine Tax	0	0	19,622	19,622	20,211
Motor Vehicle License	0	0	13,855	13,855	14,132
Solid Waste Disposal	0	0	70,542	70,542	70,542
TOTAL GENERAL FUND	0	0	893,332	893,332	1,066,045
POWELL BILL FUND	0	0	111,034	111,034	114,365
WATER AND SEWER OPERATING	0	0	0	0	0
MUNICIPAL DEBT SERVICE FUND ⁽¹⁾	0	0	84,432	84,432	160,021
PAY-AS-YOU-GO FUND ⁽¹⁾	0	0	90,402	90,402	164,235
STORM WATER FUND	0	0	212,823	212,823	225,593
TOTAL OPERATING REVENUES	0	0	1,392,023	1,392,023	1,730,259
COPs – FIRE STATION	0	0	0	0	0
WATER AND SEWER REVENUE BONDS	22,900,000	5,900,000	0	5,900,000	0
TOTAL ALL REVENUES	22,900,000	5,900,000	1,392,023	7,292,023	1,730,259
REVENUES OVER EXPENDITURES	(645,266)	(181,087)	34,928	(146,159)	410,907
Net Impact to General Fund	(645,266)	(181,087)	534,030	352,943	696,879

Note:

⁽¹⁾ portions of the property tax, sales tax, and police service district reduction are allocated to the Pay-As-You-Go and Municipal Debt Service Funds.

2011 Annexation Area Economic Analysis: Rhyne

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
EXPENDITURES					
TRANSPORTATION					
Street Lighting	0	0	5,459	5,459	5,459
Operations	0	10,822	0	10,822	0
Electronic Systems	0	0	0	0	0
FIRE					
Operations	350	0	14,963	14,963	15,389
SOLID WASTE					
	19,488	0	44,964	44,964	46,470
ENGINEERING					
Operations	0	0	2,689	2,689	2,689
CITY MANAGER'S OFFICE					
Corporate Communications	23,316	0	0	0	0
NEIGHBORHOOD & BUSINESS SERVICES					
	0	0	0	0	0
BUSINESS SUPPORT SERVICES					
	0	0	0	0	0
ECONOMIC LOSS					
Volunteer Fire Departments	8,519	0	0	0	0
Private Solid Waste Collection Firms	35,250	0	0	0	0
TOTAL GENERAL FUND	86,923	10,822	68,075	78,897	70,007
POWELL BILL FUND					
Street Maintenance	0	0	135,493	135,493	0
UTILITIES					
	0	0	0	0	0
STORM WATER FUND					
	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	86,923	10,822	203,568	214,390	70,007
GENERAL CAPITAL					
Fire Stations	0	0	0	0	0
UTILITIES (Capital Expend)					
Water	150,000	150,000	0	150,000	0
Sewer	600,000	600,000	0	600,000	0
McKee Creek Sewer Interceptor	0	0	0	0	0
TOTAL EXPENDITURES	836,923	760,822	203,568	964,390	70,007

2011 Annexation Area Economic Analysis: Rhyne

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
REVENUES					
TAXES AND FEES					
Property Taxes ⁽¹⁾	0	0	191,898	191,898	195,735
Police Service District Reduction ⁽¹⁾	0	0	(123,025)	(123,025)	(125,486)
Business Privilege	0	0	120	120	124
Cable TV Franchise	0	0	28,135	28,135	28,979
Animal Control	0	0	432	432	445
Utility Franchise	0	0	20,073	20,073	20,675
Sales Tax ⁽¹⁾	0	0	2,260	2,260	25,735
Beer and Wine Tax	0	0	2,979	2,979	3,068
Motor Vehicle License	0	0	4,230	4,230	4,315
Solid Waste Disposal	0	0	11,718	11,718	11,718
TOTAL GENERAL FUND	0	0	138,819	138,819	165,308
POWELL BILL FUND	0	0	16,616	16,616	17,115
WATER AND SEWER OPERATING	0	0	0	0	0
MUNICIPAL DEBT SERVICE FUND ⁽¹⁾	0	0	13,636	13,636	25,257
PAY-AS-YOU-GO FUND ⁽¹⁾	0	0	24,517	24,517	36,069
STORM WATER FUND	0	0	11,575	11,575	12,270
TOTAL OPERATING REVENUES	0	0	205,163	205,163	256,020
COPs – FIRE STATION	0	0	0	0	0
WATER AND SEWER REVENUE BONDS	750,000	750,000	0	750,000	0
TOTAL ALL REVENUES	750,000	750,000	205,163	955,163	256,020
REVENUES OVER EXPENDITURES	(86,923)	(10,822)	1,595	(9,227)	186,013
Net Impact to General Fund	(86,923)	(10,822)	70,744	59,922	95,301

Note:

⁽¹⁾ portions of the property tax, sales tax, and police service district reduction are allocated to the Pay-As-You-Go and Municipal Debt Service Funds.

2011 Annexation Area Economic Analysis: Whitehall

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
EXPENDITURES					
TRANSPORTATION					
Street Lighting	0	0	8,664	8,664	8,664
Operations	0	59,764	0	59,764	0
Electronic Systems	0	0	0	0	0
FIRE					
Operations	612	0	30,503	30,503	31,355
SOLID WASTE					
	23,467	0	63,954	63,954	66,026
ENGINEERING					
Operations	0	0	3,071	3,071	3,071
CITY MANAGER'S OFFICE					
Corporate Communications	23,771	0	0	0	0
NEIGHBORHOOD & BUSINESS SERVICES					
	0	0	0	0	0
BUSINESS SUPPORT SERVICES					
	0	0	0	0	0
ECONOMIC LOSS					
Volunteer Fire Departments	71,273	0	0	0	0
Private Solid Waste Collection Firms	71,145	0	0	0	0
TOTAL GENERAL FUND	190,268	59,764	106,192	165,956	109,116
POWELL BILL FUND					
Street Maintenance	0	0	387,207	387,207	0
UTILITIES					
	0	0	0	0	0
STORM WATER FUND					
	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	190,268	59,764	493,399	553,163	109,116
GENERAL CAPITAL					
Fire Stations	0	0	0	0	0
UTILITIES (Capital Expend)					
Water	0	0	0	0	0
Sewer	0	0	0	0	0
McKee Creek Sewer Interceptor	0	0	0	0	0
TOTAL EXPENDITURES	190,268	59,764	493,399	553,163	109,116

2011 Annexation Area Economic Analysis: Whitehall

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
REVENUES					
TAXES AND FEES					
Property Taxes ⁽¹⁾	0	0	610,636	610,636	622,849
Police Service District Reduction ⁽¹⁾	0	0	(259,283)	(259,283)	(264,469)
Business Privilege	0	0	13,508	13,508	13,913
Cable TV Franchise	0	0	57,908	57,908	59,645
Animal Control	0	0	963	963	992
Utility Franchise	0	0	54,520	54,520	56,156
Sales Tax ⁽¹⁾	0	0	7,194	7,194	81,891
Beer and Wine Tax	0	0	6,131	6,131	6,315
Motor Vehicle License	0	0	4,970	4,970	5,069
Solid Waste Disposal	0	0	22,032	22,032	22,032
TOTAL GENERAL FUND	0	0	518,579	518,579	604,393
POWELL BILL FUND	0	0	34,412	34,412	35,444
WATER AND SEWER OPERATING	0	0	0	0	0
MUNICIPAL DEBT SERVICE FUND ⁽¹⁾	0	0	67,459	67,459	104,924
PAY-AS-YOU-GO FUND ⁽¹⁾	0	0	39,979	39,979	75,977
STORM WATER FUND	0	0	108,753	108,753	115,278
TOTAL OPERATING REVENUES	0	0	769,183	769,183	936,016
COPs – FIRE STATION	0	0	0	0	0
WATER AND SEWER REVENUE BONDS	0	0	0	0	0
TOTAL ALL REVENUES	0	0	769,183	769,183	936,016
REVENUES OVER EXPENDITURES	(190,268)	(59,764)	275,784	216,020	826,900
Net Impact to General Fund	(190,268)	(59,764)	412,387	352,623	495,277

Note:

⁽¹⁾ portions of the property tax, sales tax, and police service district reduction are allocated to the Pay-As-You-Go and Municipal Debt Service Funds.

2011 Annexation Area Economic Analysis: Camp Stewart South

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
EXPENDITURES					
TRANSPORTATION					
Street Lighting	0	0	20,127	20,127	20,127
Operations	0	70,501	0	70,501	0
Electronic Systems	0	40,000	0	40,000	0
FIRE					
Operations	1,138	0	61,578	61,578	63,289
SOLID WASTE					
	55,864	0	99,830	99,830	103,127
ENGINEERING					
Operations	0	0	3,500	3,500	3,500
CITY MANAGER'S OFFICE					
Corporate Communications	30,923	0	0	0	0
NEIGHBORHOOD & BUSINESS SERVICES					
	0	0	0	0	0
BUSINESS SUPPORT SERVICES					
	0	0	0	0	0
ECONOMIC LOSS					
Volunteer Fire Departments	70,790	0	0	0	0
Private Solid Waste Collection Firms	209,360	0	0	0	0
TOTAL GENERAL FUND	368,075	110,501	185,035	295,536	190,043
POWELL BILL FUND					
Street Maintenance	0	0	475,093	475,093	950,186
UTILITIES					
	0	0	0	0	0
STORM WATER FUND					
	0	0	0	0	0
TOTAL OPERATING EXPENDITURES	368,075	110,501	660,128	770,629	1,140,229
GENERAL CAPITAL					
Fire Stations	0	0	0	0	0
UTILITIES (Capital Expend)					
Water	2,000,000	2,000,000	0	2,000,000	0
Sewer	3,150,000	3,150,000	0	3,150,000	0
McKee Creek Sewer Interceptor	17,000,000	0	0	0	0
TOTAL EXPENDITURES	22,518,075	5,260,501	660,128	5,920,629	1,140,229

2011 Annexation Area Economic Analysis: Camp Stewart South

	FY11	FY12			FY13
	<u>Start-Up</u>	<u>One-Time</u>	<u>Recurring</u>	<u>Total</u>	<u>Total</u>
REVENUES					
TAXES AND FEES					
Property Taxes ⁽¹⁾	0	0	446,999	446,999	455,939
Police Service District Reduction ⁽¹⁾	0	0	(442,684)	(442,684)	(451,537)
Business Privilege	0	0	1,560	1,560	1,607
Cable TV Franchise	0	0	99,290	99,290	102,270
Animal Control	0	0	1,449	1,449	1,492
Utility Franchise	0	0	72,096	72,096	74,259
Sales Tax ⁽¹⁾	0	0	5,265	5,265	59,946
Beer and Wine Tax	0	0	10,512	10,512	10,828
Motor Vehicle License	0	0	4,655	4,655	4,748
Solid Waste Disposal	0	0	36,792	36,792	36,792
TOTAL GENERAL FUND	0	0	235,934	235,934	296,343
POWELL BILL FUND	0	0	60,006	60,006	61,806
WATER AND SEWER OPERATING	0	0	0	0	0
MUNICIPAL DEBT SERVICE FUND ⁽¹⁾	0	0	3,337	3,337	29,839
PAY-AS-YOU-GO FUND ⁽¹⁾	0	0	25,905	25,905	52,189
STORM WATER FUND	0	0	92,495	92,495	98,045
TOTAL OPERATING REVENUES	0	0	417,677	417,677	538,223
COPs – FIRE STATION	0	0	0	0	0
WATER AND SEWER REVENUE BONDS	22,150,000	5,150,000	0	5,150,000	0
TOTAL ALL REVENUES	22,150,000	5,150,000	417,677	5,567,677	538,223
REVENUES OVER EXPENDITURES	(368,075)	(110,501)	(242,451)	(352,952)	(602,006)
Net Impact to General Fund	(368,075)	(110,501)	50,899	(59,602)	106,300

Note:

⁽¹⁾ portions of the property tax, sales tax, and police service district reduction are allocated to the Pay-As-You-Go and Municipal Debt Service Funds.