

## STAFF REPORT

TO: Mayor and City Council DATE: 5/27/08  
FROM: Robert W. Oast, Jr., City Attorney  
SUBJECT: Resolution regarding annexation moratorium

Summary Statement: Consideration of a resolution expressing opposition to House Bill 2367, adopting a moratorium on annexation

Review and Analysis: As Council was advised last week, the House Select Committee on Municipal Annexation has introduced a bill that would impose a moratorium on involuntary annexation until June 30, 2009. A copy of that bill HB 2367 is attached. As drafted, the bill would prohibit cities from initiating annexation, and would delay the effective date of annexations that are in progress, including annexations that have been completed, but are the subject of litigation. As indicated in my Staff Report of May 20, 2008 (copy attached), this would affect four annexations currently being litigated by the City.

The attached resolution explains how the City of Asheville approaches annexation, and how the proposed moratorium would affect those annexations that are being challenged. It also directs me to transmit a copy of the resolution to our local delegation, the President pro tempore of the Senate, and the Speaker of the House.

Background: This action is consistent with the Strategic Operating Plan in that it promotes the continued availability of one of the tools for planning identified in the 2025 City Plan.

Pros –

- Continued availability of annexation as an element of the City's comprehensive plan
- No delay in effectiveness of completed annexations beyond termination of litigation

Cons –

- None noted

Fiscal impact: See attachments to Staff Report of May 20, 2008.

Recommendation. Adoption of a resolution (suggested form attached) expressing Council's position on the proposed annexation moratorium.

Attachments:

- 1) Resolution
- 2) Staff Report from May 20, 2008, with attachments

RESOLUTION NO. 08-

RESOLUTION OPPOSING HOUSE BILL 2367 ESTABLISHING A MORATORIUM ON INVOLUNTARY ANNEXATIONS

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WHEREAS, a bill has been introduced in the 2008 continuation of the 2007 session of the North Carolina General Assembly, House Bill 2367, entitled "An Act to Adopt a Moratorium on Involuntary Annexation, as Recommended by the House Select Committee on Municipal Annexation"; and

WHEREAS, House Bill 2367 would prohibit North Carolina municipalities from initiating annexations pursuant to Parts 2 or 3 of Article 4 of N.C. Gen. Stat. Chapter 160A, until June 30, 2009, and further, would delay until June 30, 2009, the effective date of any such annexation already undertaken, including annexations that are the subject of litigation in any court; and

WHEREAS, the ability of cities in North Carolina to grow as the areas on their periphery develop is important for planning, economic development, and other purposes; and

WHEREAS, the City of Asheville is currently involved in litigation regarding four annexations; one pending initial review in Superior Court, and three on appeal from Superior Court judgments in the City's favor; and

WHEREAS, potentially all of these annexations could be affected by the proposed moratorium; and

WHEREAS, the City of Asheville is conservative in its approval to annexation other than those in litigation, and does not undertake annexation of areas where it cannot provide municipal services as required by law; and

WHEREAS, the City of Asheville is not currently pursuing annexation of any areas, but should not be foreclosed from doing so, as areas become eligible;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

1. The Asheville City Council opposes House Bill 2367, and opposes any bill that would have the effect of suspending the power of municipal annexation for North Carolina cities;
2. The City Attorney is directed to transmit a copy of this resolution to members of the General Assembly whose district includes the City of Asheville, to the President pro tempore of the N.C. Senate, and to the Speaker of the N. C. House.

Read, approved and adopted this 27<sup>th</sup> day of May, 2008.

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City Clerk

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Mayor

Approved as to form:

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City Attorney

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**HOUSE BILL 2367**

Short Title: Involuntary Annexation Moratorium. (Public)

Sponsors: Representatives Goforth, Luebke, Dollar, Steen (Primary Sponsors); Allred, Avila, Barnhart, Blackwood, Blust, Boylan, Brisson, Brown, Brubaker, Cleveland, Coates, Coleman, Current, England, Faison, Folwell, Hall, Hilton, Holmes, Hurley, Johnson, Justice, Justus, Killian, Kiser, Langdon, McComas, McElraft, Moore, Neumann, Pate, Samuelson, Starnes, Thomas, Tillis, Walend, Walker, Womble, and Yongue.

Referred to: Finance, if favorable, Judiciary II.

May 21, 2008

A BILL TO BE ENTITLED

AN ACT TO ADOPT A MORATORIUM ON INVOLUNTARY ANNEXATIONS, AS  
RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON MUNICIPAL  
ANNEXATION.

The General Assembly of North Carolina enacts:

**SECTION 1.** No resolution of consideration, resolution of intent, or annexation ordinance may be adopted under Part 2 or 3 of Article 4A of Chapter 160A of the General Statutes from the date this act becomes law until June 30, 2009. If any annexation proceeding has been initiated under those Parts prior to the date this act becomes effective but the annexation ordinance has not yet been adopted, any provision of law requiring any action or notice by the municipality or any person within a certain period of time is tolled during the suspension of authority provided by this section.

**SECTION 2.** An annexation ordinance adopted under Part 2 or 3 of Article 4A of Chapter 160A of the General Statutes that has an effective date on or after the day this act becomes law shall not become effective until after June 30, 2009, unless the municipality by ordinance adopts a new effective date later than June 30, 2009, for the annexation ordinance. An annexation ordinance that was adopted under Part 2 or 3 of Article 4A of Chapter 160A of the General Statutes prior to the effective date of this act and is the subject of litigation in any court on the effective date of this act shall not become effective until after June 30, 2009, unless the municipality by ordinance adopts a new effective date later than June 30, 2009, for the annexation ordinance.

**SECTION 3.** This act shall not apply to any annexation ordinance adopted under Part 2 or 3 of Article 4A of Chapter 160A of the General Statutes that has an effective date on or before the day this act becomes law, if the ordinance is not yet effective solely due to section 5

of the Voting Rights Act of 1965.

**SECTION 4.** If any municipality has adopted its budget ordinance for the 2008-2009 fiscal year prior to the date this act becomes effective and the total amount of assessed valuation estimated in that budget ordinance has been reduced because of this act, the municipality may amend the budget ordinance to account for this act including establishment of a different tax rate.

**SECTION 5.** This act is effective when it becomes law.

## STAFF REPORT

TO: Mayor and City Council

DATE: 5/20/08

FROM: Robert W. Oast, Jr., City Attorney



SUBJECT: Annexation Legislation

Summary Statement: Report on recent legislative developments on annexation

Review and Analysis: As Council knows, the House Select Committee on Annexation has proposed a one-year moratorium on all city-initiated annexations and all petitioned satellite annexations. This moratorium, as drafted, would apply even to those annexations that are in some stage of judicial review. The attached table identifies the areas with respect to which judicial review is pending, and indicates the legal status of each review process.

Some Council members have inquired about the financial impact on the City of delaying the effective date of these annexations. While I cannot provide a detailed analysis, I have attached copies of the Financial Plan from each Services Plan that includes the areas with respect to which judicial review is pending, with the particular areas highlighted. The Finance Department may be able to provide a more detailed analysis or respond to specific questions.

The House Select Committee was originally scheduled to meet on May 14, and I had planned to attend since I was going to be in Raleigh anyway. The meeting was rescheduled for May 19, and we should be able to provide at least a verbal report at Council's work session on what happens at the Committee meeting. The League of Municipalities is following this issue closely, and the N.C. Chapter of the American Planning Association has also taken a position, summarized in the attached excerpt from the May 2008 NCAPA newsletter.

Pros / Cons: N/A, for information only.

Recommendation. N/A, for information only.

**CITY OF ASHEVILLE ANNEXATIONS CURRENTLY UNDER JUDICIAL REVIEW**

<b>AREA</b>	<b>YEAR ADOPTED BY COUNCIL</b>	<b>STATUS</b>
Huntington Chase	2002	City won at trial and Court of Appeals; petition for review pending in Supreme Court (decision possible in mid-June)
Ridgefield	2005	City won at trial; oral argument in Court of Appeals May 14, 2008; pending decision
Airport Road	2005	City won at trial; oral argument in Court of Appeals May 14, 2008; pending decision
Biltmore Lake	2007	pending trial in Buncombe County Superior Court

There are currently no annexations underway or areas that staff is reviewing for recommendation as to possible annexation. With respect to the areas listed above, considerable staff time and resources have been expended not only in evaluating the areas for annexation, but also in defending the legal challenges (including fees for outside counsel). Additionally, staff has invested some time and energy in preparing to begin serving the areas once they come into the City.

## FINANCING PLAN FOR ANNEXATION AREAS

## 1. REVENUE ESTIMATES (CONT.)

## FEES, PERMITS, LICENSES, &amp; CHARGES FOR SERVICES

This category includes such revenue sources as motor vehicle licensing fees, cable franchise fees, household recycling charges, and business privilege licensing fees. The City received \$2,841,588 in revenue from these sources during FY 2000-01. With the City's population estimated at 68,889, this equates to \$41.25 per capita. Based on this per capita rate, estimated revenue from the proposed annexation areas is:

	<u>POPULATION</u>	<u>TOTAL ANNUAL REVENUE</u>
Leicester Highway	174	\$7,178
Sherwood Heights	74	\$3,053
Huntington Chase	72	\$2,970
Bell Road	29	\$1,196
Forest Lake	251	\$10,354
Mill Stone	48	\$1,980
Kensington-Windsor	495	\$20,419
<b>TOTALS</b>	<b>1,143</b>	<b>\$47,149</b>

## REVENUE SUMMARY

	<u>AD VALOREM</u>	<u>STATE UTILITY FRANCHISE</u>	<u>SALES TAX</u>	<u>POWELL BILL</u>	<u>FEES, CHARGES, &amp; PERMITS</u>	<u>TOTAL</u>
Leicester Highway	\$22,802	\$9,807	\$8,747	\$6,679	\$7,178	\$55,213
Sherwood Heights	\$61,283	\$9,394	\$23,508	\$4,392	\$3,053	\$107,107
Huntington Chase	\$46,379	\$9,593	\$17,791	\$2,460	\$2,970	\$79,192
Bell Road	\$11,761	\$3,182	\$4,511	\$1,047	\$1,196	\$21,698
Forest Lake	\$88,847	\$8,033	\$34,081	\$8,683	\$10,354	\$149,998
Mill Stone	\$11,049	\$1,086	\$4,238	\$1,374	\$1,980	\$19,728
Kensington-Windsor	\$133,425	\$10,205	\$51,181	\$12,758	\$20,419	\$227,988
<b>TOTALS</b>	<b>\$375,547</b>	<b>\$51,300</b>	<b>\$144,058</b>	<b>\$37,393</b>	<b>\$47,149</b>	<b>\$655,447</b>

## FINANCING PLAN FOR ANNEXATION AREAS

## ANNUALLY RECURRING EXPENDITURES

AREA	<sup>(1)</sup> Police	<sup>(2)</sup> Fire	Solid Waste	<sup>(1)</sup> Street Maintenance	Street Lighting	TOTAL
Leicester Highway	\$ 0	\$ 3,730	\$1,600	\$ 0	\$1,072	\$ 6,402
Sherwood Heights	\$ 0	\$13,366	\$1,120	\$ 0	\$ 857	\$15,343
Huntington Chase	\$ 0	\$ 9,273	\$1,088	\$ 0	\$1,072	\$11,433
Bell Road	\$ 0	\$ 2,352	\$ 448	\$ 0	\$ 0	\$ 2,800
Forest Lake	\$ 0	\$16,148	\$3,776	\$ 0	\$2,572	\$22,496
Mill Stone	\$ 0	\$ 1,507	\$ 736	\$ 0	\$ 214	\$ 2,457
Kensington-Windsor	\$ 0	\$18,188	\$ 864	\$ 0	\$ 857	\$19,909
TOTAL	\$ 0	\$64,564	\$9,632	\$ 0	\$6,644	\$80,840

## Notes:

- (1) The annual costs for police protection, solid waste collection, and street maintenance are anticipated to be absorbed into current budgets, with no increase in expenditures at this time.
- (2) The annual expenditures for fire protection are based on the costs for annual contracts with rural fire departments as specified in N.C.G.S. 160A-49.1. These contracts are expected to be in place for at least 5 years.

## CAPITAL EXPENDITURES

AREA	Water Lines	Sewer Lines	<sup>(1)</sup> Solid Waste	Rollout Containers	Street Signs	Street Repair	Street Lighting	TOTAL
Leicester Highway	\$160,000	\$ 0	\$ 0	\$ 2,000	\$ 253	\$0	\$ 372	\$162,625
Sherwood Heights	\$ 0	\$ 0	\$ 0	\$ 1,400	\$ 247	\$1,500	\$ 298	\$ 3,445
Huntington Chase	\$ 34,000	\$ 71,000	\$ 0	\$ 1,360	\$ 85	\$ 0	\$ 372	\$106,817
Bell Road	\$116,000	\$ 0	\$ 0	\$ 560	\$ 0	\$ 0	\$ 0	\$116,560
Forest Lake	\$ 0	\$ 0	\$25,920	\$ 4,720	\$ 676	\$1,000	\$ 893	\$ 33,209
Mill Stone	\$ 0	\$ 30,000	\$ 0	\$ 920	\$ 85	\$ 0	\$ 74	\$ 31,079
Kensington-Windsor	\$ 0	\$ 0	\$ 0	\$ 1,080	\$ 253	\$ 0	\$ 298	\$ 1,631
TOTAL	\$310,000	\$101,000	\$25,920	\$12,040	\$1,599	\$2,500	\$2,307	\$455,366

## Note:

- (1) Solid Waste cost equals potential economic loss compensation for private solid waste haulers.

## FINANCING PLAN FOR ANNEXATION AREAS

### METHODS OF FINANCING

Annually recurring expenditures are to be funded through the General Fund budget utilizing annually recurring revenues. Inequities and interim financing will be paid utilizing current and anticipated surplus General Fund revenues.

The capital outlay for rollout containers and solid waste hauler contract purchases will be financed by either a capital lease or direct General Fund appropriation by the City Council during the fiscal year 2003-2004 budget.

The water lines, hydrants and sewer lines will be financed utilizing general obligation bond proceeds, direct appropriation, or capital lease proceeds. The debt service on bonds or capital leases will be paid by water revenue or by General Fund appropriation or a combination of both.

FINANCING PLAN FOR ANNEXATION AREAS

1. REVENUE ESTIMATES (CONT.)

FEEs, PERMITS, LICENSES, & CHARGES FOR SERVICES

This category includes such revenue sources as motor vehicle licensing fees, cable franchise fees, household recycling charges, and business privilege licensing fees. The City received \$3,049,657 in revenue from these sources during FY 2003-04. With the City's population estimated at 71,750, this equates to \$42.50 per capita. Based on this per capita rate, estimated revenue from the proposed annexation areas is:

AREA	POPULATION	TOTAL ANNUAL REVENUE
Ridgefield Bus. Park	4	\$ 170
Ascot Point Village	687	\$29,198
Long Shoals Road	1,341	\$56,993
Airport Road	763	\$32,428
Two Town Square	0	\$ 0
Town Square East	40	\$ 1,700
<b>TOTALS</b>	<b>2,835</b>	<b>\$120,489</b>

REVENUE SUMMARY

AREA	AD VALOREM	STATE UTILITY TAXES	SALES TAX	POWELL BILL	FEEs CHARGES & PERMITS	TOTAL
Ridgefield Bus. Park	\$ 367,547	\$ 30,132	\$148,866	\$ 2,951	\$ 170	\$ 549,666
Ascot Point Village	\$ 113,220	\$ 5,017	\$ 45,857	\$14,763	\$ 29,198	\$ 208,055
Long Shoals Road	\$ 266,402	\$ 34,057	\$107,900	\$28,761	\$ 56,993	\$ 494,113
Airport Road	\$ 197,029	\$ 37,798	\$ 79,802	\$16,814	\$ 32,428	\$ 363,871
Two Town Square	\$ 18,278	\$ 188	\$ 7,403	\$ 0	\$ 0	\$ 25,869
Town Square East	\$ 126,032	\$ 4,670	\$ 51,046	\$ 2,206	\$ 1,700	\$ 185,654
<b>TOTALS</b>	<b>\$1,088,508</b>	<b>\$111,862</b>	<b>\$440,874</b>	<b>\$65,495</b>	<b>\$ 120,489</b>	<b>\$1,827,228</b>

2005 PLAN ②

FINANCING PLAN FOR ANNEXATION AREAS

ANNUALLY RECURRING EXPENDITURES

AREA	(1) Police	(2) Fire	(3) Solid Waste	(3) Recycling	(3) Street Maintenance	Street Lighting	TOTAL
Ridgefield Business Park	\$ 34,766	\$ 67,104	\$ 0	\$ 0	\$0	\$ 8,327	\$ 110,197
Ascot Point Village	\$ 1,142	\$ 20,815	\$ 0	\$ 0	\$0	\$ 418	\$ 22,375
Long Shoals Road	\$ 49,400	\$ 48,976	\$ 0	\$ 0	\$0	\$ 650	\$ 99,026
Airport Road	\$ 48,050	\$ 36,222	\$ 0	\$ 0	\$0	\$ 1,677	\$ 85,949
Two Town Square	\$ 0	\$ 3,360	\$ 0	\$ 0		\$ 0	\$ 3,360
Town Square East	\$ 6,642	\$ 23,170	\$ 0	\$ 0		\$21,945	\$ 51,757
General	\$ 0	\$108,906	\$ 49,909	\$ 0	\$0	\$ 0	\$ 158,815
<b>TOTAL</b>	<b>\$140,000</b>	<b>\$308,553</b>	<b>\$ 49,909</b>	<b>\$ 0</b>	<b>\$0</b>	<b>\$33,017</b>	<b>\$ 531,479</b>

Notes:

- (1) The annual costs for police services reflect four additional officers to be hired effective August 1, 2005 to maintain current police officer to call for service ratios.
- (2) The annual costs for fire protection are based on the costs for additional personnel and financial impact payments to the rural fire districts (5 year duration).
- (3) The annual costs for solid waste collection and disposal and recycling are not anticipated to be absorbed into current budgets; the solid waste annual expenses include an additional MEO III position plus annual disposal costs of \$16,909.00. Annual costs for street maintenance are anticipated to be absorbed into the current budget, with no increase in expenditures at this time.

CAPITAL EXPENDITURES

AREA	Water Lines	Sewer Lines	Solid Waste	Rollout Containers	Street Signs	Street Repair	Side-walks	(2) Police	(3) Fire	TOTAL
Ridgefield Business Park	\$ 0	\$ 0	\$ 0	\$ 80	\$0	\$0	\$0	\$ 0	\$ 0	\$ 80
Ascot Point Village	\$ 0	\$ 0	\$ 0	\$ 0	\$0	\$0	\$0	\$ 0	\$ 0	\$ 0
Long Shoals Road	\$78,250	\$116,500	\$ 0	\$ 1,560	\$0	\$0	\$0	\$ 0	\$ 0	\$196,310
Airport Road	\$75,400	\$168,500	\$ 0	\$ 14,320	\$0	\$0	\$0	\$ 0	\$ 0	\$258,220
Two Town Square	\$ 0	\$ 0	\$ 0	\$ 0	\$0	\$0	\$0	\$ 0	\$ 0	\$ 0
Town Square East	\$ 0	\$ 0	\$ 0	\$ 1,200	\$0	\$0	\$0	\$ 0	\$ 0	\$ 1,200
General	\$ 0	\$ 0	\$244,040	\$ 1,000				\$186,385	\$15,500	\$446,925
<b>TOTAL</b>	<b>\$153,650</b>	<b>\$285,000</b>	<b>\$244,040</b>	<b>\$ 18,160</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$186,385</b>	<b>\$15,500</b>	<b>\$902,735</b>

Notes:

- (1) Solid Waste cost equals potential economic loss compensation for private solid waste haulers of \$62,040 plus \$182,000 for an additional automated loader truck.
- (2) Police capital costs include equipment, training and vehicles for hired officers.
- (3) Fire costs include equipment for hired personnel.

## FINANCING PLAN FOR ANNEXATION AREAS

### Revenue Estimates

Annexation of the proposed areas will increase revenues to the general fund of the City of Asheville by the following estimated amounts.

#### AD VALOREM PROPERTY TAX REVENUE

Total real property tax values in the areas to be annexed total \$279,171,700. At a tax rate of 42.38 cents per \$100 of valuation, the estimated minimum ad valorem tax revenue from the areas annually will be as follows:

<u>AREA</u>	<u>REAL PROPERTY VALUATION (1)</u>	<u>TOTAL ANNUAL REVENUE (2)</u>
Biltmore Lake	\$ 184,139,800	\$ 772,581
Sardis Road	\$ 89,871,800	\$ 377,068
Schenck Gateway	\$ 5,160,100	\$ 21,650
<b>TOTALS</b>	<b>\$ 279,171,700</b>	<b>\$1,171,299</b>

(1) The values shown for real property reflect the most recent assessed valuation data available from the Buncombe County Tax Assessor's records. Data on personal property valuation within the proposed annexation areas were unavailable.

(2) Total annual revenue is calculated by assuming a collection rate of 99.0%.

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#### STATE UTILITY TAX REVENUE

The State levies the following utility taxes: a franchise tax on electricity, a sales tax on telecommunications, and an excise tax on piped natural gas. The State then shares a portion of these revenues with municipalities based on sales and consumption within each city.

<u>AREA</u>	<u>PROPERTY ACRES</u>	<u>TOTAL ANNUAL REVENUE</u>
Biltmore Lake	414.89	\$80,319
Sardis Road	392.52	\$75,988
Schenck Gateway	10.35	\$ 2,004
<b>TOTALS</b>	<b>817.76</b>	<b>\$158,311</b>

The estimated revenue shown above was computed using acreage as a proxy variable to estimate the total utility tax revenue. Based on the 2005-06 collections for the City of Asheville of \$193.59 per acre, the estimate was derived.

## Revenue Estimates (Cont.)

### LOCAL OPTION SALES TAX

Sales tax revenue in Buncombe County is distributed between the County and the local municipalities based on each entity's share of the total county ad valorem tax levy. For the current year, the City of Asheville's annual sales tax revenue totaled \$16,043,057. Sales tax revenue therefore equaled 21.1659% of the total County tax levy. Based upon this percentage, the proposed annexation areas would yield the following sales tax revenue:

<u>AREA</u>	<u>TOTAL TAX LEVY (1)</u>	<u>TOTAL ANNUAL REVENUE</u>
Biltmore Lake	\$ 780,384	\$263,611
Sardis Road	\$ 380,877	\$128,954
Schenck Gateway	\$ 21,869	\$ 7,420
<b>TOTALS</b>	<b>\$1,183,130</b>	<b>\$399,985</b>

(1) Total tax levy is computed by multiplying real property valuation by the City's tax rate of 42.38 cents per \$100 of valuation.

### POWELL BILL ALLOCATION

Powell Bill funds are distributed to municipalities based on a formula that considers both population and street mileage. In the last fiscal year for which information is available (FY 2006-07), the Powell Bill allocation to the City of Asheville provided a funding level of \$1,685.56 per mile of City streets plus \$22.63 per capita. Based on these rates, the likely increase in Powell Bill funds from the proposed annexation areas is:

<u>AREA</u>	<u>STREET MILEAGE</u>	<u>POPULATION</u>	<u>TOTAL ANNUAL REVENUE</u>
Biltmore Lake	6.86	768	\$28,943
Sardis Road	2.08	1,073	\$27,788
Schenck Gateway	0	0	\$ 0
<b>TOTALS</b>	<b>8.94</b>	<b>1,841</b>	<b>\$56,731</b>

**Revenue Estimates (Cont.)**

**FEEES, PERMITS, LICENSEES, & CHARGES FOR SERVICES**

This category includes such revenue sources as motor vehicle licensing fees, cable franchise fees, household recycling charges, dog licenses and business privilege licensing fees. The City received \$3,007,996 in revenue from these sources during FY 2005-06. Using a City population estimate of 71,517, this equates to \$42.06 per capita. Based on this per capita rate, estimated revenue from the proposed annexation areas is:

<u>AREA</u>	<u>POPULATION</u>	<u>TOTAL ANNUAL REVENUE</u>
Biltmore Lake	768	\$32,302
Sardis Road	1,073	\$45,130
Schenck Gateway	0	\$ 0
<b>TOTALS</b>	<b>1,841</b>	<b>\$77,432</b>

**REVENUE SUMMARY**

<u>AREA</u>	<u>AD VALOREM</u>	<u>STATE UTILITY TAXES</u>	<u>SALES TAX</u>	<u>POWELL BILL</u>	<u>FEEES, CHARGES &amp; PERMITS</u>	<u>TOTAL</u>
Biltmore Lake	\$ 772,581	\$ 80,319	\$263,611	\$28,943	\$32,302	\$1,177,756
Sardis Road	\$ 377,068	\$ 75,988	\$128,954	\$27,788	\$45,130	\$654,928
Schenck Gateway	\$ 21,650	\$ 2,004	\$ 7,420	\$ 0	\$ 0	\$ 31,074
<b>TOTALS</b>	<b>\$1,171,299</b>	<b>\$158,311</b>	<b>\$399,985</b>	<b>\$56,731</b>	<b>\$77,432</b>	<b>\$1,863,758</b>

**Estimated Expenditures****ANNUALLY RECURRING EXPENSES**

AREA	(1) Police	Fire	(3) Solid Waste	(3) Recycling	(4) Street Maintenance	(5) Street Lighting	TOTAL
Biltmore Lake	\$ 0	\$138,105 <sup>(2)</sup>	\$ 14,809	\$ 9,226	\$0	\$ 17,280	\$ 179,420
Sardis Road	\$ 0	\$ 67,404 <sup>(2)</sup>	\$ 19,016	\$ 12,876	\$0	\$ 15,840	\$ 115,136
Schenck Gateway	\$ 0	\$ 4,025 <sup>(2)</sup>	\$ 0	\$ 0	\$0	\$ 0	\$ 4,025
General	\$203,675	\$ 0	\$ 35,000	\$ 0	\$0	\$ 0	\$ 238,675
<b>TOTAL</b>	<b>\$203,675</b>	<b>\$209,534<sup>(2)</sup></b>	<b>\$ 68,825</b>	<b>\$ 22,102</b>	<b>\$0</b>	<b>\$ 33,120</b>	<b>\$ 537,256</b>

## Notes:

- (1) The annual costs for police services reflect five (5) additional officers (a new beat) to be hired on or before December 31, 2007 to handle the additional estimated calls for service in the annexation areas and in an effort to improve response time. (Salary and benefits per officer = \$40,235). Also reflected is an additional annual uniform cost for these officers of \$500 per officer (\$2500).
- (2) The annual costs for fire show financial impact payments to the rural fire districts (annual cost listed to be paid for five year duration). The total cost for five years for financial impact payments to the rural fire districts is estimated to be \$1,047,670.
- (3) The annual costs for solid waste collection and disposal and recycling are not anticipated to be absorbed into current budgets; the solid waste annual expenses include an additional MEO III position (\$35,000 for salary and expenses) plus annual disposal costs of \$35,584. Recycling annual expenses are based on the contract collection rate for recycling and the number of units in each annexation area.
- (4) Annual costs for street maintenance are anticipated to be absorbed into the current budget, with no increase in expenditures at this time.
- (5) Street lights costs to be assumed by City. Cost based on number of lights in annexation areas x \$480 (annual operating cost/light).

**CAPITAL EXPENDITURES**

AREA	(1) Police	(2) Fire	Water Lines	Sewer Lines	(3) Solid Waste	Rollout Containers	(4) Street Repair	(5) Side walks	TOTAL
Biltmore Lake	\$ 0	\$184,140	\$ 0	\$ 0	\$ 0	\$ 19,745	\$31,520	\$739,500	\$ 974,905
Sardis Road	\$ 0	\$ 89,871	\$366,120	\$1,793,300	\$ 0	\$ 27,555	\$57,560	\$ 0	\$2,334,406
Schenck Gateway	\$ 0	\$ 4,717	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,717
General	\$108,500	\$ 0	\$ 0	\$ 0	\$412,050	\$ 350	\$ 0	\$ 0	\$ 520,900
<b>TOTAL</b>	<b>\$108,500</b>	<b>\$278,728</b>	<b>\$366,120</b>	<b>\$1,793,300</b>	<b>\$412,050</b>	<b>\$ 47,650</b>	<b>\$89,080</b>	<b>\$739,500</b>	<b>\$3,834,928</b>

## Notes:

- (1) Police capital costs include equipment, training and vehicles for hired officers.
- (2) Fire costs show debt service to be paid to rural fire departments. Debt service to be paid after 5 years if debts still outstanding. Estimates are based on most recent information available from the rural departments.
- (3) Solid Waste expenses include a potential economic loss compensation for private solid waste haulers of \$187,050, plus \$225,000 for an additional automated loader truck.
- (4) Street repair includes expenses related to street patching/construction, shoulder repair, and drain replacement.
- (5) Sidewalks costs for Biltmore Lake to replace 18,489 LF of sidewalk. Cost to be spread out over ten (10) years. Annual cost for 10 years = \$73,950.

**Methods of Financing**

Annually recurring expenditures are to be funded through the General Fund budget utilizing annually recurring revenues. Inequities and interim financing will be paid utilizing current and anticipated surplus General Fund revenues.

The capital outlay for rollout containers and solid waste hauler contract purchases will be financed by either a capital lease or direct General Fund appropriation.

The water lines, hydrants and sewer lines will be financed utilizing general obligation bond proceeds, direct appropriation, or capital lease proceeds. The debt service on bonds or capital leases will be paid by water revenue or by General Fund appropriation or a combination of both.

# Annexation Moratorium

The Chapter's adopted NCAPA Position on Municipal Annexation (see next page) states "The current (annexation) statutory provisions are based upon the sound public policy that what is urban should be municipal and served by a full service municipality" and "(The Chapter) views with concern legislation which would seriously hamper orderly municipal growth through annexation". A moratorium is typically enacted to prevent some harm from occurring and to provide breathing room while corrective action is taken to avert such harm in the future. Since the NCAPA position paper supports the existing annexation statutes, it follows that the position does not recognize that these statutes perpetrate harm, nor does it recognize a need for corrective action.

## NCAPA Position on Municipal Annexation

### Background

North Carolina enjoys a tradition of sound local government which helps make the state attractive to economic and residential growth. Efficient, orderly and sound development throughout the state is fostered by strong municipalities, capable of managing resources and expanding services to meet the needs of a growing population. The North Carolina Chapter of the American Planning Association (NCAPA) views with concern legislation which would seriously hamper orderly municipal growth through annexation as well as efforts to incorporate new municipalities in close proximity to existing municipalities, solely or primarily to avoid annexation. NCAPA believes that such incorporations do not promote good local government, but instead may impair comprehensive planning efforts and result in fragmentation of authority over urban areas.

### Positions

1. The North Carolina Chapter of the American Planning Association (NCAPA) fully supports the existing statutory standards and services annexation authority. NCAPA would oppose changes in the law, either statewide or local, which would weaken present annexation procedures or restrict municipal annexation authority. NCAPA would specifically oppose HB 74 or other similar bills which would allow residents in extra-territorial jurisdictions (ETJ's) to vote prior to municipal annexation attempts. Such elections would be formidable obstacles for municipalities to overcome, and could encourage inequitable situations where essentially urban areas draw the benefits of the municipality but do not pay for them.

The current statutory provisions are based upon the sound public policy that what is urban should be municipal and served by a full service municipality. Such a policy encourages development in accordance with a comprehensive plan. The cost of urban public services should be shared by those who commute to the city for work, shopping, play, health care, and other services.

The statutes set forth a rational, fair and objective process for annexation. NCAPA believes that municipal annexation is a valuable and essential planning tool, which facilitates sound regulation of development and efficient provision of necessary municipal services.

2. NCAPA recognizes the local character of incorporation bills, but feels that this is an important issue of statewide concern and would oppose new incorporations designed primarily to prevent annexation by an existing municipality. NCAPA encourages prior review of proposed incorporations by the Joint Legislative Commission on Municipal Incorporations, under the objective standards provided by statute.

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