



CITY OF DURHAM | DURHAM COUNTY  
NORTH CAROLINA



**Date:** December 15, 2014

**To:** Thomas J. Bonfield, City Manager

**Through:** Keith Chadwell, Deputy City Manager

**From:** Steven L. Medlin, AICP, Planning Director

**Subject:** Coordinated Annexation Item Ravenstone Extension

**Executive Summary.** A request for utility extension agreement (EA), voluntary annexation, and initial zoning has been received from Lennar Carolinas, LLC for five contiguous parcels located south of Sherron Road and south of Hiddenbrook Drive.

The contiguous annexation (Case BDG1400005) represents an extension of the existing City limit and is bordered by two similar subdivisions to the east and west (Attachment 1). The applicant has indicated a desire to construct up to 230 single family homes on this site, if the request is approved.

Staff recommends an initial zoning of Residential Rural, Falls of the Neuse/Jordan Lake Protected Area-B (RR, F/J-B), which is consistent with City Council policy designating the least intense zoning based on the Development Tier and the size of the lot. The subject site is presently zoned Residential Suburban-20 (RS-20) and RR, F/J-B, in the County. The Planning Commission, at their August 12, 2014 meeting, recommended approval of the RR-zoning designation.

The proposed development has submitted an extension agreement for approval by City Council. Public Works and Water Management performed the utility impact analysis for the utility extension agreement and the existing water and sewer mains have capacity for the proposed development. No offsite improvements will be required, other than extension of water and sanitary sewer mains and services to the site. Budget and Management Services performed a fiscal impact analysis, which determined that the proposed annexation will be revenue positive beginning in fiscal year 2015-2016.

One motion, with three components, is required by law to approve the utility extension agreement, voluntary annexation petition, and zoning map change.

**Recommendation.** The staff recommends that the Council approves the utility extension agreement, voluntary annexation, and initial zoning.

**Issues and Analysis.** This request involves three separate items: a utility extension agreement, voluntary annexation petition, and an initial zoning.

#### Voluntary Annexation Petition

The Administration is requesting the Council conduct a public hearing and consider annexation of the subject properties with an effective date of December 31, 2014. The public hearing for Case BDG1400005 will be held in compliance with N.C. General Statute 160A-31.

#### Initial Zoning

State Statutes (General Statute 160A-360) require that a municipality annexing land place its zoning designation on the property within 60 days of the effective date of the annexation. Staff is recommending an initial zoning designation of Residential Rural, Falls of the Neuse/Jordan Lake Protected Area-B (RR, F/J-B), which is consistent with City Council policy designating the least intense zoning based on the Development Tier and the size of the lot. The Planning Commission recommended approval of the initial zoning on August 12, 2014 by a vote of 12-0.

**Utility Impacts.** Water service shall be provided by extending the existing waterlines in Sherron Road, Hiddenbrook Drive, and Cottonseed Way. Sewer service shall be provided by extending the existing 8-inch sanitary sewer in Hiddenbrook Drive.

**Financial Impact.** The gas and electric franchise tax has been eliminated and replaced with a state sales tax that is to be shared with cities. Due to these tax reform changes the calculation related to sales tax projections for the purpose of this exercise has updated. Previously, cost-benefit impacts calculated sales tax based on prior year-end actuals with a cost inflator of two-percent. Since historical information is not yet available, cost-benefit impacts for FY15 will use the Adopted sales tax amount for calculation purposes. Once the first year has been collected, the calculation will return to using the prior year-end actual with an inflator.

The estimated annual General Fund revenues generated from this annexation area under the initial zoning map change at build out in FY2017-18 is \$467,685. The estimated annual General Fund expenditures associated with providing City services at build out is \$123,517. The estimated annual General Fund net gain to the City at build out is \$344,167. The cumulative estimated net gain to the City at build out is \$887,142. Please note that Impact Fee revenues are not included in the General Fund revenue estimates but are included in the cumulative net gain.

A cost-benefit analysis is attached that provides cost and revenue projections through FY2024-25, including CIP expenses.

The chart below contains additional details regarding projected departmental revenue and expense projections.

<b>Department/Type</b>	<b>Revenues</b>	<b>Expenses</b>
Emergency Communications	No revenues anticipated	No additional expenses are anticipated
Fire	No revenues anticipated	No additional expenses are anticipated
Fleet Management	No revenues anticipated	No additional expenses are anticipated
Inspections	The total impact fees are \$270,940 with the following breakdown: Parks and Recreation - \$97,750 Open Space - \$51,060 Street Impact - \$122,130 There are no anticipated developer credits for the street impact fees.	No additional expenses are anticipated
Parks & Recreation	No revenues anticipated	No additional expenses are projected
Planning	Total fees for this annexation are \$17,750 over the build out period.	No additional expenses are anticipated
Police	No additional revenues are anticipated	Annual costs for additional coverage area are anticipated at \$89,427. These figures include 1.4 FTEs and the proportional costs of two vehicles.
Public Works	The anticipated revenues will be approximately \$5,200 at the project build out. These revenues are the prorated utility cut reimbursements based on the linear feet of streets that will be added due to this annexation.	General fund costs associated with street maintenance are expected to be \$11,496 at build out. Costs associated with Stormwater will be covered by stormwater fees.
Solid Waste	Assumes there will be 58 new yard waste customers at build out. This will generate \$5,220 in yard waste subscription fees annually. Revenues associated with the recycling rebated are estimated to be \$1,121.25 annually at build out.	One-time expenses include the cost of solid waste and recycling carts for 230 single family homes (\$21,620 over the build out period). The onetime cost for yard-waste carts for the estimated 58 customers is \$2,726. The department estimates ongoing operating costs associated with residential collections, recycling and yard waste to be \$18,207 annually at the completion of the build out.

Transportation	Minor revenues are estimated from the Powell Bill reimbursements at \$304 annually. In addition, the paratransit service will generate \$392 annually at build out with the assumption of 229 trips annually.	Anticipated expenses include: 52 100-watt street lights, 16 traffic control signs, 8 street name markers, and pavement markings. The expenses are estimated at \$11,433 annually once build out is complete and all street lights have transitioned from the developer to the City (three years).
Water Management	No general fund revenues anticipated	No general fund expenses are anticipated. Any anticipated costs will be covered by fees collected.

**Alternatives.** The Council could elect to deny voluntary annexation petition, and EA. No action would be required or authorized on the initial zoning

**SDBE Summary.** This item has no known SDBE impact.

**Attachments**

- Attachment 1: Context Map
- Attachment 2: Aerial Map
- Attachment 3: Utility Map
- Attachment 4: Cost/Benefit Analysis
- Attachment 5: Utility Life Cycle Costs
- Attachment 6: Clerk Certification
- Attachment 7: Utility Extension Agreement
- Attachment 8: BDG1400005 Annexation Ordinance
- Attachment 9: Initial Zoning Ordinance
- Attachment 10: Consistency Statement
- Attachment 11: Planning Commission Summary