



CITY OF DURHAM | DURHAM COUNTY  
NORTH CAROLINA



**Date:** September 21, 2015

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

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

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

**Subject:** Coordinated Annexation Item: Harris Beverage

**Executive Summary.** A request for a utility extension agreement (EA), voluntary annexation, and initial zoning has been received from Joven Group Four for a portion of a parcel located along Junction Road (Attachment 1).

This contiguous annexation (Case BDG1500009) represents an extension of the existing City limit. The subject site is presently vacant. If this request is approved, the applicant intends to construct a warehouse on the annexed portion of this property. A site plan has been submitted and is presently under review by Planning staff (Case D1500026).

Staff recommends an initial zoning of Industrial Light, Falls/Jordan District B (IL, F/J-B), which is not consistent with City Council policy designating the least intense zoning based on the Development Tier and the size of the lot. The least intensive zoning for the portion of this property would be Residential Rural (RR). However, the Future Land Use Map in the *Comprehensive Plan* recommends this area for Industrial. Zoning the subject site as RR would result in a zoning designation which is not in harmony with the Future Land Use map. Therefore, staff recommends an exact translation of the current IL, F/J-B zoning.

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 have determined that the existing City of Durham sanitary sewers and water mains have capacity for the proposed development. The only offsite improvement required is the extension of water and sanitary sewer services to the site. Budget and Management Services performed a fiscal impact analysis, which determined that the proposed annexation will be revenue positive immediately upon annexation.

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

**Recommendation.** 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 September 30, 2015. The public hearing for Case BDG1500009 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 a zoning designation on the property within 60 days of the effective date of the annexation. Staff is recommending an initial zoning designation of Industrial Light, Falls of the Neuse/Jordan Lake-B (IL, F/J-B) which is not consistent with City Council policy designating the least intense zoning based on the Development Tier and the size of the lot. Staff recommends this designation to maintain conformity with the Future Land Use Map's recommendation of Industrial for the subject site.

**Utility Impacts.** Public Works and Water Management performed the utility impact analysis for the utility extension agreement and have determined that the existing City of Durham water and sanitary sewer mains have capacity to serve the proposed development. An offsite waterline extension will be required to serve the project.

Water service shall be provided by extending the waterline in Ferrell Road to Junction Road and into the property. Water service shall also be provided by extending the existing waterline in Harvest Street into the property. Sewer service shall be provided by connecting to the existing sanitary sewer outfall located within the property. There is capacity in the system to serve this project. Water Management and Public Works are not requesting major infrastructure improvements at this time.

**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 been 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 FY15-16 will use the Adopted sales tax amount for calculation purposes. Once the first year of sales tax has been collected, the calculation will return to using the prior year-end actual with an inflator (Fall 2015).

The estimated annual General Fund revenues generated from this annexation area under the initial zoning map change at build out in FY2015-16 is \$53,340. The estimated annual General Fund expenditures associated with providing City services at build out is \$9,804. The estimated annual General Fund net gain to the City at build out is \$43,536. The cumulative estimated net gain to the City at build out is \$75,166. 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.

Department/Type	Revenues	Expenses
Emergency Communications	No revenues anticipated	No additional expenses are anticipated
Fire	Inspection and permit fees totaling \$60-\$150 each year	No additional expenses are anticipated
Fleet Management	No revenues anticipated	No additional expenses are anticipated
Inspections	Street impact fees total \$30,875. There are no proposed or anticipated developer credits.	No additional expenses are anticipated
Parks & Recreation	No revenues anticipated	No additional expenses are projected
Planning	No revenues anticipated	No additional expenses are anticipated
Police	No additional revenues are anticipated	Annual costs for the additional coverage area are anticipated at \$9,804 at build out for a portion of an FTE.
Public Works	No additional revenues are anticipated	No additional expenses are anticipated for the general fund.
Solid Waste	No additional revenues are anticipated	No additional expenses are anticipated
Transportation	No additional revenues are anticipated	No additional expenses are anticipated
Water Management	No general fund revenues anticipated	No general fund expenses are anticipated. Water and Sewer rates will cover the cost to provide service.

**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.

Memorandum  
Harris Beverage

**Staff Resources.**

Grace Smith, AICP, CZO, Planning Supervisor  
[Grace.Smith@durhamnc.gov](mailto:Grace.Smith@durhamnc.gov), 919.560.4137 ext. 28215

Jacob Wiggins, Planner  
[Jacob.Wiggins@durhamnc.gov](mailto:Jacob.Wiggins@durhamnc.gov), 919.560.4137 ext.28257

**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: Planning Commission Resolution
- Attachment 9: BDG1500009 Annexation Ordinance
- Attachment 10: Initial Zoning Ordinance
- Attachment 11: Consistency Statement