



City of Grand Island

Tuesday, May 14, 2002

Study Session

Item -2

Update on Annexation

BACKGROUND ON ANNEXATION PROCESS

Annexation has been a subject of discussion many times over the past several years and was one of the top Council priorities identified at the 2001-2002 Annual Council Retreat. When Council directed Administration to look at annexation, the emphasis was on addressing infrastructure needs, equalizing tax situations for those who are currently receiving City services, and acknowledging current and anticipated growth of the community in order to best plan for service delivery.

Nebraska law provides the authority for municipalities to annex land. The annexation of urban areas adjacent to existing city boundaries can be driven by many factors. The following are reasons annexation should be considered:

- a. Governing urban areas with the statutorily created urban form of government, municipalities have historically been charged with meeting the needs of the expanded community.*
- b. Provide municipal services. Municipalities are created to provide the governmental services essential for sound urban development and for the protection of health, safety and well being of residents in areas that are used primarily for residential, industrial, and commercial purposes.*
- c. Ensure orderly growth pursuant to land use, building, street, sidewalk, sanitary sewer, storm sewer, water, and electrical services.*
- d. Provide more equitable taxation to existing property owners for the urban services and facilities that non-city residents in proposed annexation areas use on a regular basis such as parks, streets, public infrastructure, emergency services, retail businesses and associated support.*
- e. Ensure ability to impose and consistently enforce planning processes and policies.*
- f. Address housing standards and code compliance to positively impact quality of life for residents.*
- g. Enable residents of urban areas adjacent to city to participate in municipal issues, including elections that either do or will have an impact on their properties.*

h. Anticipate and allocate resources for infrastructure improvements. Specifically, changes in October, 1999 to Nebraska Department of Environmental Quality Regulation Title 124 concerning on site waste water treatment systems impacts new and replacement private septic systems.

i. Assist in population growth to enable community to reach Community Development Block Grant entitlement status – 50,000. Entitlement communities automatically receive Community Development block grant dollars; no competitive process required.

j. Provide long term visioning abilities as it relates to growth and provision of services.

Annexations are, oftentimes, challenging issues for communities. Unlike many actions taken by City government, residents who are directly affected may have strong opinions about the personal impact annexation will have on them. As this Council is well aware, the 1984 annexation of the Capital Heights area has impacted city government for the past 18 years. In fact, residual feelings and concerns from the annexation of Parkview in the early 1970s still exist.

One of the challenges associated with annexation involves timing. The impact to most residents is not neutral. Those property owners who are experiencing infrastructure problems (sewer or water) now will exhibit a different level of support than those who are not having problems and will not see an immediate benefit in sewer or water services. Those affected have legitimate questions, concerns, and reactions. City officials must recognize these responses yet remain focused on the overall big picture.

Because of the complexity of annexation issues and the associated questions, the City Administration suggested an opportunity be provided whereby residents could informally seek and receive general information regarding annexation and specific information regarding their property. While the proposed annexation timetable allows several opportunities for citizen comment at OFFICIAL meetings, many people may feel more comfortable talking in an informal setting. The open houses provided an excellent opportunity for one on one interaction allowing property owners, as well as City staff and officials to discuss concerns and issues.

Flyers notifying the property owners were mailed to each address. Attendance was good. The meetings were, in my opinion, very successful.

Meeting at Cedar Hollow - 67 people attended

Meeting at Seedling Mile on Saturday morning - 63 people attended

Meeting at Seedling Mile on Wednesday evening - 44 people attended

ISSUES RAISED AT OPEN HOUSES

1. City just wants more property taxes.

While the receipt of additional property taxes is certainly a response to annexation, a cursory

review of the additional property taxes shows no direct relationship between the amount of investment in the public systems (water/sewer) needed to make necessary infrastructure improvements in some of the proposed annexation areas and the revenue generated. (See Attached Chart)

2. *We take care of our own.*

This thought/philosophy may have been effective for many years during the life of this development; however, as systems age and regulations change, this may no longer be true.

It is a given that at some time these areas (specifically the East Lakes Area) will need to revamp their current infrastructure. Annexation allows the City to position itself from a financial perspective and priority perspective in order to be prepared to meet these needs when the issue becomes urgent. To wait puts the neighborhood, property owners, and the City, in the position of not being prepared to make the necessary improvements to insure these residents have continuous services.

If an area is not in the City limits, districts can not be created until the area becomes part of the City. It is best that this not happen during a time of crisis but rather through a planned process.

3. *We wanted to live in this school district; in the country.*

School choice is a very personal issue. The City recognizes and acknowledges this.

State Statutes do not allow areas within 5 miles of incorporated cities to incorporate as a stand-alone city. This regulation was adopted knowing that municipalities can and would be expanding their boundaries as growth occurs.

Some residents in the proposed annexation areas have stated they do not consider themselves "part of the City." Yet, many of these folks are currently working in Grand Island, traveling City streets, using City services such as the Library, parks, electricity, etc. They enjoy the benefits of the City without the responsibilities, either civic or financial. In addition, their property value is directly related to its proximity to the City of Grand Island. Relocating the houses around the Lakes or in Schroeder Subdivision to 20 miles outside of Grand Island would affect the value of those properties. While property owners may have become property owners when the neighborhood was "out in the country", it is reasonable to expect that at some point these residential areas would be brought into City limits.

4. *Annexation at some time in the future is OK; just don't do it now - what's the hurry?*

Now is the appropriate time from a planning and preparation standpoint. There is enough of a concern about infrastructure to consider these annexations. City officials have a responsibility to consider the big picture and an obligation to look at the outlying areas and determine the impact those areas have on the City. Elected and appointed officials must be able to envision how a City will grow and how this growth should be managed so as to protect the integrity of the entire community. We recognize that residents may not have this overall perspective and may be driven by a more limited perspective - how does the annexation affect me?

5. I pay additional City taxes but get no sewer and water unless a neighborhood district is created and I connect to the system. The costs for me to connect could be \$10,000 or more. Do I have to connect?

The subdivisions that currently do not have City sewer or water were developed without provisions for these centralized services. The cost of providing sewer and water was deferred to the property owners by the developer of these subdivisions. Subdivisions being developed today are required to provide connections to City sewer and water.

The City provides water/sewer trunk lines to areas within corporate limits. From here, the decision to build neighborhood systems is the decision of the property owners in that specific area. If the property owners determine a need for connection and recognize the overall benefit to the area, a sanitary sewer and/or water district can be created by Council. If 50% or more of the property owners in the area support the district, the City will construct the infrastructure and begin making the services available. Property owners can connect to the system when their private systems are no longer operable and need extensive repair or replacement. Connection fees will be determined based on district boundaries and costs. The City will assess the costs at an interest rate of 7% for a period of 5-10 years. The first payment is typically due about one year after construction is completed.

6. What City services will I get upon annexation?

As outlined in the City's annexation plan for service delivery, city services provided with annexation include police, fire, streets, code enforcement and others.

SUMMARY

These informal open houses may not have convinced some folks that annexation was the right thing to do. They were not intended to do so. The intent of the open houses was to exchange information and answer questions. Staff did their best to answer the questions with factual information while neither advocating nor opposing annexation.

The proposed timetable (attached) has the Council referring the issue of annexation to the Regional Planning Commission at next week's meeting (May 21, 2002). Please note, there are 6 opportunities for public comment and testimony through the process.

<i>May 21, 2002</i>	<i>City Council Referral to Regional Plannin</i>
<i>June 5, 2002</i>	<i>Regional Planning Commission Meetin</i>
<i>June 11, 2002</i>	<i>Resolution Setting Public Hearin</i>
<i>June 25, 2002</i>	<i>Public Hearing and First Reading of the Ordinanc</i>
<i>July 9, 2002</i>	<i>Second Reading of the Ordinance</i>
<i>July 23, 2002</i>	<i>Third and Final Reading of the Ordinance</i>

The reasons for this timetable include:

_____ Impending infrastructure issues
_____ Process needs to be structured and timely

_____ *Council's discussions last two years at Retreat*
_____ *Issue that shouldn't be left unresolved*

The question for Council is a philosophical one more than a financial one. Is the proposed annexation an overall benefit to the community and the residents, even over objections of some of those that will be affected?

To assist the Council with first-hand knowledge of how the informal open house meetings were structured, we have set up tonight's meeting in much the same way as the three open houses were structured.

Staff Contact: Marlan Ferguson

CITY ANNEXATION EXPENSES and REVENUE

Area Number	City Park Infrastructure (Lump Sum)	City Electric Infrastructure (Lump Sum)	City Water Infrastructure (Lump Sum)	City Sanitary Sewer Infrastructure (Lump Sum)	Total City Infrastructure (Lump Sum)	Property Valuation	City Tax (.371648) and CRA Tax (.024721)	Net Increase in Property/CRA Taxes per \$100,000 Valuation (Note)
2			\$0	\$0	\$0	\$565,330	\$2,241	\$417
3			\$0	\$0	\$0	\$26,266	\$104	\$336
4	\$500,000		\$2,050,000	\$7,500,000	\$10,050,000	\$44,429,606	\$176,105	\$336
5b			\$0	\$0	\$0	\$285,269	\$1,131	\$336
6			\$0	\$0	\$0	\$1,289,217	\$5,110	\$304
9			\$0	\$0	\$0	\$1,628,127	\$6,453	\$288
10		\$300,000	\$174,000	\$240,000	\$714,000	\$2,698,553	\$10,696	\$288
11			\$0	\$0	\$0	\$771,427	\$3,058	\$288
12		\$418,830	\$0	\$0	\$418,830	\$10,445,478	\$41,403	\$288
	\$500,000	\$718,830	\$2,224,000	\$7,740,000	\$11,182,830	\$62,139,273	\$246,301	

(Note) Additional City (.3716480) and Community Redevelopment Authority (.024721) levies, less rural fire services charges and changes in school district levies.

ANNEXATION TIMELINE

April 30, 2002

