

Town of Whitestown, Indiana

RESOLUTION NO. 2014-28

**A FISCAL POLICY RESOLUTION
FOR ANNEXING CONTIGUOUS TERRITORY
TO THE TOWN OF WHITESTOWN, INDIANA**

2014 Perry West Annexation

WHEREAS, Ind. Code § 36-4-3-3.1 requires that the municipality has developed a written fiscal plan and has established a definite policy, by resolution of the legislative body that meets the requirements set forth in Ind. Code § 36-4-3-13(d) and is adopted prior to adopting an annexation ordinance under Ind. Code § 36-4-3-4; and

WHEREAS, it is the desire of the Town Council of the Town of Whitestown, State of Indiana, to provide such written fiscal plan, and comply with Indiana law.

THEREFORE, BE IT RESOLVED by the Town Council of the Town of Whitestown, State of Indiana, that Exhibit A, as attached and incorporated herein, is adopted as the fiscal plan for the “2014 Perry West Annexation” proposed by Ordinance 2014-12.

BE IT FURTHER RESOLVED THAT the sections, paragraphs, sentences, clauses and phrases of this Resolution and the fiscal plan are separable, and if any phrase, clause, sentence, paragraph or section of this Resolution or the fiscal plan shall be declared unconstitutional, invalid or unenforceable by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality, invalidity, or unenforceability shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Resolution or the fiscal plan.

PASSED the ____ day of _____ 2014.

THE TOWN COUNCIL OF THE TOWN
OF WHITESTOWN, INDIANA

YAY/NAY

Eric Miller, President

Julie Whitman, Vice President

Dawn Semmler, Member

Susan Austin, Member

Kevin Russell, Member

ATTEST:

Amanda Andrews, Clerk-Treasurer
Town of Whitestown, Indiana

2633819_2

EXHIBIT A

ANNEXATION FISCAL PLAN – 2014 PERRY WEST ANNEXATION

Whitestown, Indiana

Boone County

Fiscal Plan:

Perry West Annexation Area

The Fiscal Plan may be reviewed in the offices of the Clerk-Treasurer located in Whitestown Town Hall. Copies of the Fiscal Plan are available immediately at this location for a copying fee of \$0.10 per page (black & white), OR interested parties may obtain a copy of the Fiscal Plan from the internet web page at www.Whitestown.in.gov. For any questions regarding this annexation, the public should contact the Town Manager's office at 317/732-4530.

August 25, 2014

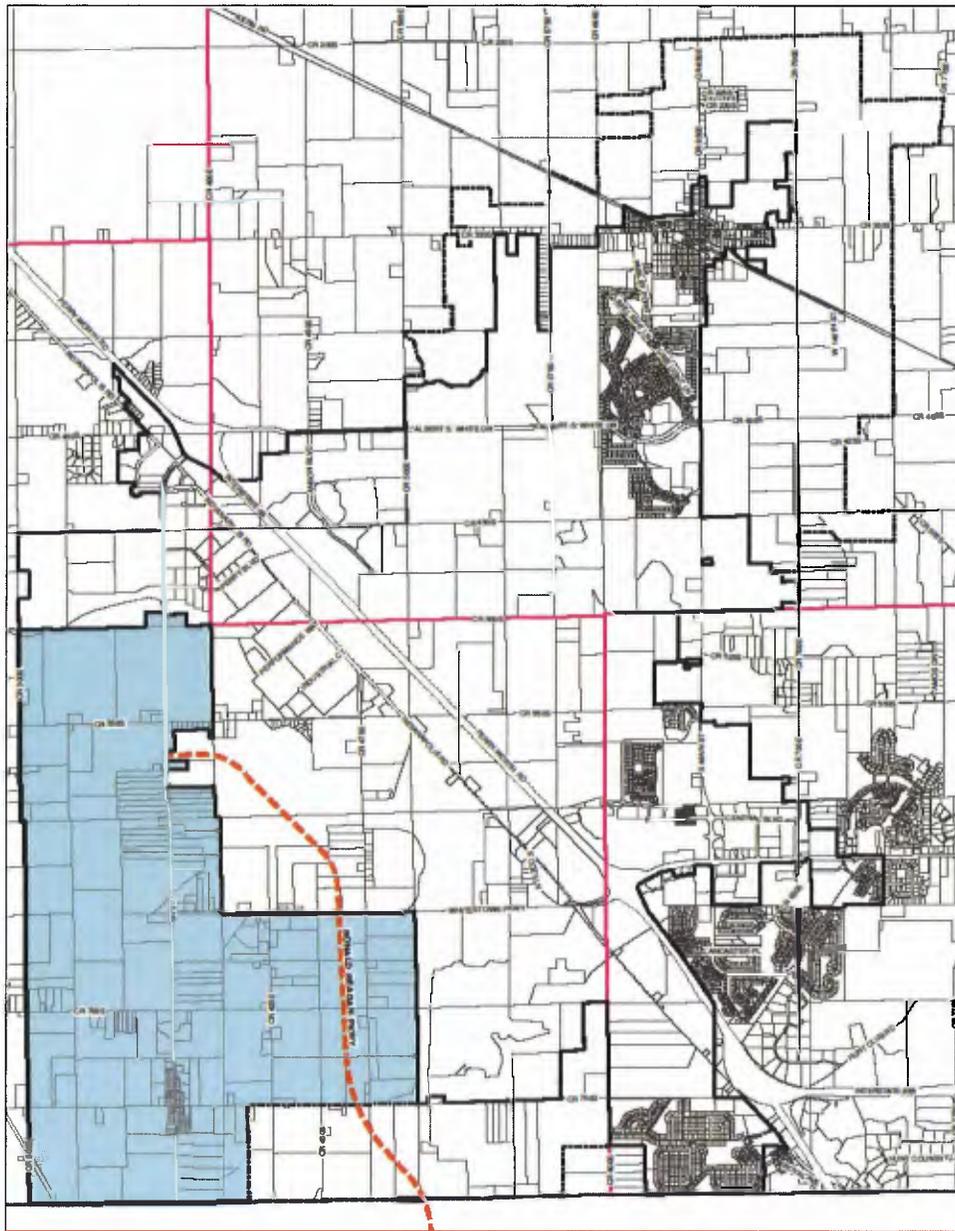
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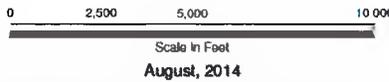
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Map #1



2014 Annexation - Perry West Whitestown, Indiana

- Legend**
- Whitestown Corporate Limit
 - Township Boundary
 - Parcel Boundary
 - 2013 Pending Annexation
 - 2014 Perry West Annexation



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Indianapolis, IN 46268
Voice 317.347.3650
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Annexation Background

The Town of Whitestown has experienced extraordinary growth in recent years for a number of reasons, including but not limited to the following:

- The Town is located adjacent to the I-65 Corridor and is essentially located at the first two interchanges outside of Marion County/Indianapolis (Exit 130 and Exit 133), making the area highly accessible and highly visible to a high volume of interstate highway traffic.
 - Traffic counts at these interchanges are estimated to approach 67,000 vpd, which equates to 24 million vehicles per year and as many as 33 million persons per year.
 - The Whitestown area is among the highest visibility areas of Indiana from the perspective of traffic and passengers.
 - (In terms of contrast, vehicle traffic along I-65 drops by more than 50% within the 30 miles north of Exit 133.)
- The Town purchased the bankrupt Boone Utilities which included a Certificate of Territorial Authority (CTA) providing the Utility with exclusive service rights to a substantial geographic area, including the two I-65 Interchanges cited above. (See Map)
 - Ownership of the Utility makes the Town responsible for planning, designing and serving the CTA with utility services for water and wastewater.
 - It is also noted that resident complaints in this area of Boone County clearly indicate that the area does not have adequate groundwater, thereby amplifying the importance of Whitestown Utilities to serve existing and future development within the CTA.
 - It is also noted that Whitestown has conducted a third-party water availability study which conducted extensive geotechnical and groundwater testing and which considered a number of alternatives for establishing a reliable source of potable water for the area. This objective, third-party professional study concluded that Whitestown Utilities (WU) was the best and most reliable source of water for the area.
 - It is also noted that Boone County conducted a separate third-party study of water availability. The County's study reached the same conclusions as the Whitestown study, showing that WU was the best source of potable water supply for southern Boone County.
 - It is also noted that WU is constructing a new WWTP to meet service/capacity needs of the Annexation Area, as well as proposed development in Town, including Anson.
- Boone County approved and designated an expansive development proposed by Duke Realty, called "Anson," which has resulted in extensive new economic development driven and marketed actively by the private sector.
- In addition, Boone County also previously designated an ED Area (adjudicated to the Indiana Supreme Court) generally located along SR267 in Perry Township for purposes of stimulating and supporting economic development in the ED Area.
 - The County also undertook debt as a part of this ED Area designation, which is ostensibly to be repaid through tax increment taxes on new development.
 - The Annexation Area is directly affected by this ED Area designation.
 - In order for the economic development goals of the ED Area & ED Plan to be fulfilled, new economic development requires utility services which are available only from Whitestown.
- In addition to Duke Realty, a substantial amount of the real estate within the WU CTA is owned/optioned/controlled by several developers with direct and active intents to develop the real estate which they control, thereby generating even more economic development.
- None of this private-sector economic development can realistically occur without the utility support provided most cost-effectively by Whitestown Utilities, and WU has continued to make

investments which are commensurate with the IURC designation of territorial authority.

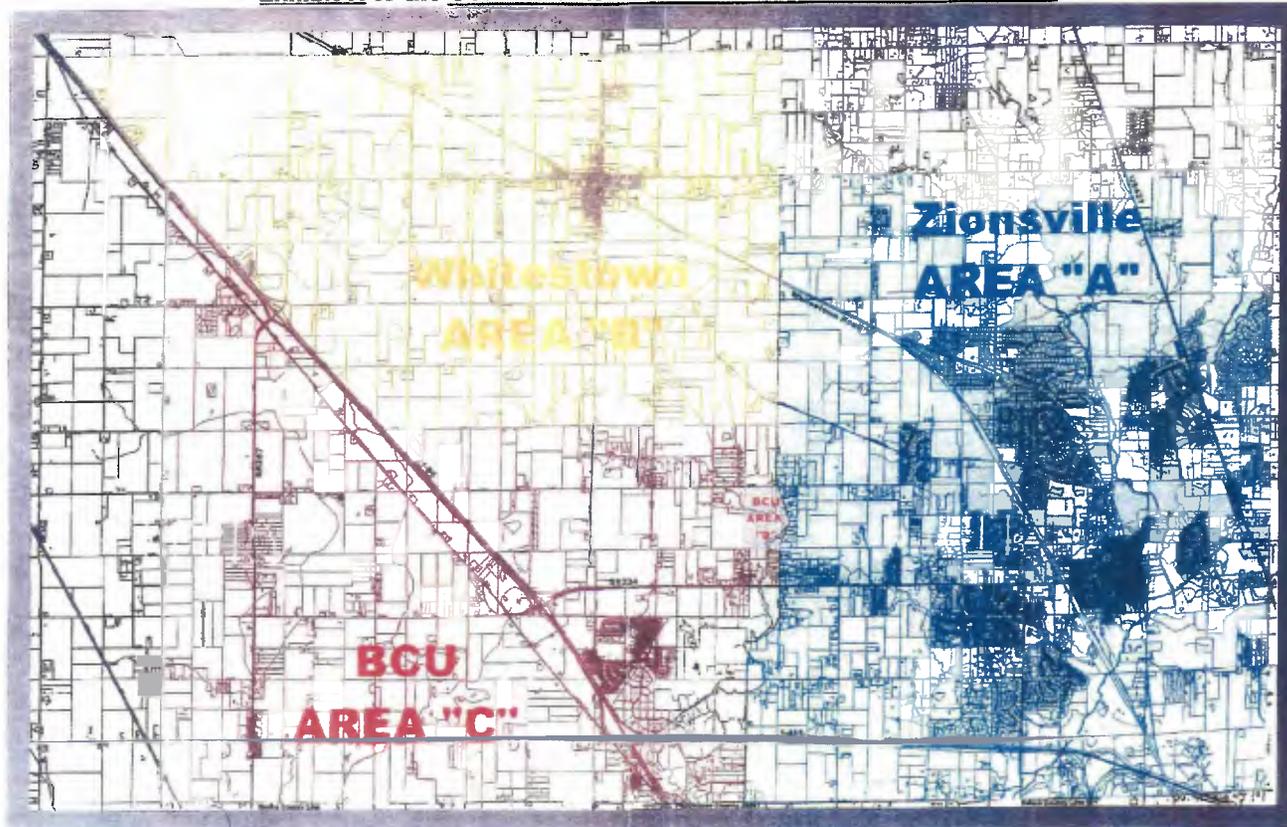
- In order for growth to be adequately managed and controlled, extensive utility planning has been undertaken by the Town as part of the Town's non-capital municipal services.
 - Utility planning serves the entire community by helping to control utility rates which affect all utility customers (including those located inside and outside of town boundaries).
- Economic development generates additional population, as well as additional traffic congestion.
 - In order to avoid gridlock transportation planning must be undertaken and traffic improvements must be smoothly integrated into the transportation infrastructure in order to serve the population of the area, including areas outside of Whitestown boundaries.
- In addition to other development pressures, the Regional Metropolitan Planning Organization (MPO) has continued to implement plans for the Ronald Reagan Parkway, connecting I-65 to I-70, beginning at Exit 133 on the north.
 - The Ronald Reagan Parkway is being implemented incrementally, with several sections already complete, and the sections near Brownsburg preparing to go to construction.
 - Boone County officials have testified that they expect to finalize planning and design of the Boone County segments within the next 5 years (2019).
 - Completion of the Ronald Reagan Parkway segments in Boone County are expected to amplify development pressures in areas served by the Whitestown CTA.
- In order to properly coordinate utility planning and control development in a manner that controls utility rates and properly plans for the extension of municipal services to serve future growth and development (including utilities), the Town of Whitestown must consider annexation as a method for planning, preparation and execution of growth in a fashion that provides municipal services at cost-effective rates.
 - In real world terms, utility pipelines can be extended from virtually anywhere, however, the resulting utility rates from non-cost-effective alternatives serve no real public interest when unnecessarily high utility rates constrain economic activity and have unnecessarily negative fiscal impact on families and businesses.
 - The objective findings of multiple interests have reasonably concluded that the Town of Whitestown is the most appropriate and most cost-effective provider of utility services to the Annexation Area.

General Location of the 'West' Annexation Area

The Perry West Annexation Area is shown on Map #1, above, and is generally located along SR267 and the Ronald Reagan Parkway (RRP) Corridors, north of the Hendricks/Boone County line. The Annexation Area contains a mix of development types, ranging from an unincorporated village to rural residential, to undeveloped agricultural land. The Annexation Area is in close proximity to the proposed route of RRP, which is projected to drastically change the developmental character of the area. It is noted that the Annexation Area lies within the designated service area of Whitestown Utilities (WU) (see Map #2: "Approved Utility Service Areas in Southern Boone County" next page). The western boundary of the Annexation Area is intended to approximate the western boundary of the "BCU"/WU utility service area. (Please note that the Town of Zionsville is a signatory of the Exhibit A settlement, as shown, and as such, utility service to the Annexation Area is only to be supplied by WU.) This fact, combined with WU's development policy requirement of waivers of remonstrance means that the area cannot realistically develop without utility service from WU and hence without annexation by Whitestown.

Map #2
Approved Utility Service Areas in Southern Boone County

Exhibit A to the UTILITY SERVICE AREA SETTLEMENT AGREEMENT



Town of Zionsville by: *[Signature]*
President of the Town Board

Town of Whites town by: *[Signature]*
President of the Town Board

Boone County Utilities, LLC by: *[Signature]*
Managing Member

W-003556

‘Best Interests’ Considerations are Complicated by Multiple Conflicting Interests & Statutory Requirements

A fair analysis of the ‘best interests’ of the Area landowners is made more complicated by a series of incremental, conflicting and competing interests relative to the future development of the area. A brief factual summary of these conflicting/competing interests is as follows:

- Whitestown & Boone County competed to purchase the assets of the bankrupt Boone County Utilities (BCU).
 - Boone County had no known contractual obligations with BCU which would affect the bankruptcy proceedings at the time.
 - During the bankruptcy proceedings, various parties presented contractual obligations between themselves and BCU in order to arrive at a viable solution to the bankruptcy.
 - Interactive negotiations between various interested parties resulted in Whitestown emerging with the bankruptcy alternative that was most viable, and as a result Whitestown was approved to purchase BCU assets.
 - BCU assets included a Certificate of Territorial Authority (CTA) approved by the Indiana Utility Regulatory Commission (IURC), as shown in Map #2.
 - The CTA included the service area of BCU, as well as the service area of Whitestown (see Map #2).
 - This sequence of actions made Whitestown (and Whitestown Utilities) responsible for providing non-capital and capital sewer and water utilities to the areas shown in Map #2.
 - These service responsibilities include the financial burden of establishing utility rates necessary to cover capital and operating costs for serving the IURC-designated area(s).
- Boone County designated an Economic Development Area (ED Area) and issued debt for a major portion of the SR267 and Ronald Reagan Parkway (RRP) corridors for the ostensible purpose of promoting economic development in the area (including a significant portion of the Annexation Area).
 - While the ostensible purpose of the ED Area designation was to promote economic development, the County’s Economic Development Plan (ED Plan) did not significantly address the critical issue of utility service to the ED Area.
 - Instead, the County’s ED Plan focused on debt for future planning for transportation infrastructure improvements.
 - Clearly, without the provision of utility services, the ED Area cannot develop at any density/intensity higher than rural levels.
 - As such, by omitting a clear plan for utility extensions, the ED Plan was arguably incomplete because there was no clear provision for extending critical utility services to the ED Area for the purpose of effecting the stated intent of the ED Area designation.
 - Inasmuch as Whitestown is the IURC-designated provider of utility service to the ED Area, this omission becomes somewhat critical to the long-term ‘best interests’ of the area landowners.
 - By designating an ED Area and implementing TIF debt without providing a clear plan for utility service, Boone County created a parallel but conflicting interest in the future economic development of the ED Area.
- In planning for its future growth, and in the interest of fulfilling its IURC designation as the utility provider for the designated BCU/Whitestown area, Whitestown invested in a geotechnical study of potable water availability in southern Boone County.
 - As a direct result of that study, Whitestown invested in capital facilities to increase the existing and future supply of water to the BCU/WU service area.

- The Whitestown study created no conflicts between IURC-designated service areas and the provider of those utility services.
- Furthermore, the increase in WU capacity directly serves to fulfill the stated intent of Boone County's ED Area designation.
- Boone County, Lebanon, Whitestown and Zionsville cooperatively participated in a geotechnical study of water availability in southern Boone County (including the County-designated ED Area) and concluded that Whitestown was the logical, cost-effective provider of utility services.
 - At the same time, no specific public policy provisions were made to address these objective, professional conclusions.
 - The lack of follow-through from the cooperative study of water availability creates conflicting interests between the IURC-designated provider of utility services, and areas of future growth which will ultimately require those same utility services.
- Whitestown has also invested in the capital sewer service of developing new WWTP capacity in order to serve future development needs, including the areas covered by the proposed Perry Township/Zionsville 'merger.'
- The proposed merger between Zionsville and Perry Township (see Map #3) indirectly suggests that Perry Township would receive municipal services from Zionsville.
 - IC 36-1.5 does not mandate the provision of municipal services at the same level of specificity as IC 36-4-3 (annexation), thus creating conflicting service policies between the two statutes.
 - An inherent contradiction exists with regard to critical utility services under the provisions of IC 36-1.5.
 - Zionsville's capacity for providing sewer and water utilities to Perry Township has not been established as a technical matter.
 - In addition there is the obvious question raised relative to the public policy interface between the IURC-designate utility service areas and how Zionsville could extend municipal services to Perry Township.
 - Absence of a clear plan for extending utility infrastructure under the 'merger' creates an inherent conflicting interest between Zionsville and Whitestown with regard to the best long term interests of the landowners in Perry Township.
- All of these disparate, competing interests are effectively combined into a public policy cacophony of conflicting interests which can realistically only be resolved by addressing Whitestown's legal obligations to provide utility services to the Perry Township area.
 - Setting political considerations of the proposed merger aside, Whitestown is the only realistic, cost-effective provider of utility services to the Perry Township area.
 - Any utility service alternative other than Whitestown will likely result in unnecessarily high utility rates which would unnecessarily constrain future economic development for the same ED Area that the County designated for economic development purposes.
 - This means unnecessarily higher utility rates for existing Perry Township residents.
 - This means unnecessarily higher costs to address any malfunctioning septic tanks in Perry Township.
 - This means unnecessarily higher costs to extend municipal water services to Perry Township residents with failing wells.
 - This means unnecessarily lower values for undeveloped land which might otherwise be considered for economic development purposes.
 - Lower development intensities resulting from inadequate utility service means fewer new jobs created in the ED Area.
 - This means unnecessarily lower assessed values (AV) for future development due to the inability to provide utility services necessary to support industrial and commercial development.

- Lower AV means lower long-term property tax revenues to the County, municipalities and schools.

The proposed annexation represents a viable alternative to resolve the broad range of conflicting and competing interests of multiple parties. Annexation of the Perry West Annexation Area will result in a single, unified platform to serve the long-term best interests of the landowners. Whitestown is arguably the only single-source provider of the services necessary to fulfill the County's stated intent for economic development in this area, as well as the only viable provider of the utility services critical to economic development and enhanced land values. In addition, Whitestown is the only viable provider of services necessary to cost-effectively address the failure of private wells and septic tanks in rural Perry Township.

Annexation as an Alternative to 'Merger'

Some landowners have asked the Town of Zionsville to consider 'merging' with Perry Township under IC 36-1.5. The general geographic implications of this 'merger' proposal are shown on "Map #3: Zionsville/Perry Merger," below. The 'merger' proposal severely complicates the effort to plan for and extend the services necessary to support future growth and development in Perry Township, including the previous approvals of the IURC, the purchase of BCU, the designation of an ED Area by Boone County and the extension of capital sewer and water services that are critical to the long-term interests of the Annexation Area residents. This Fiscal Plan will attempt to sort through those various complications in an orderly fashion.

Disparities Between Levels of Service With 'Mergers' versus Annexation

Disparities between the statutes governing annexation versus 'merger' (aka 'government modernization') employ vastly different statutory parameters and generate vastly different outcomes. The legislative concept of 'government modernization' as captured in IC 36-1.5 is not specific with regard to the extension of municipal services. By failing to require substantive consideration of the long-term costs of critical services, including utilities, IC 36-1.5 leaves many important public policy considerations unaddressed. At the core of both statutes lies the intent to provide efficient and effective local government through the extension of services.

In the extant case, Whitestown has invested heavily in long-term planning, geotechnical studies, and preliminary design for utility infrastructure extensions, which form a core consideration for annexation under IC 36-4-3, as well as addressing the stated intent of the County's ED Area designation. At the same time, the 'merger' statutes do not specifically address such issues, despite the fact that utility infrastructure is critical to economic development patterns.

In cases where annexation or merger by nearby communities extend their boundaries without concrete capital improvement planning, especially for utility extensions and public safety resources, the interests of landowners are directly at risk.

In the case of a proposed 'merger' with Zionsville, the result would be the establishment of non-contiguous areas with different municipal services from other areas of Zionsville. At this time,

there is a 0% contiguity between Zionsville's boundaries and those of Perry Township. Furthermore, there is no physical means by which Perry Township can be made contiguous with Zionsville. Such an outcome would be prohibited under IC 36-4-3.

PUBLIC SAFETY SERVICES SUFFER FROM DESIGNATING NON-CONTIGUOUS AREAS

The lack of contiguity (prohibited under IC 36-4-3 and potentially in conflict with IC 36-1.5) also results in substantial questions related to other services, such as police and fire. The geographical impact of non-contiguous 'merger' areas resulted in unnecessarily inflated costs for police and fire services, by extending police/fire runs and unnecessarily increasing response times.

In Zionsville's existing areas, police responses to some areas are supposed to be provided by the County (but which are often provided by Whitestown), while other areas are covered by Zionsville Police. In addition, the previous 'merger' between Zionsville and Union township resulted in extensive investment in new fire facilities. Such an increased investment in fire facilities would appear to be necessary when considering Perry Township fire protection, as well.

These considerations present a cascading series of public policy problems which a Zionsville/Perry Township merger has thus far failed to address. On its most basic level, there are two major considerations with regard to providing police and fire protection to Perry Township under a merger scenario.

First, the ability to pay for public safety services depends heavily upon property taxes and assessed value. The current development patterns of Perry Township are unlikely to be capable of compensating the cost of police and fire staffing, which raises the specter of tax increases for the entirety of the "Zionsville merger" area.

Second, the future ability of Perry Township to add assessed value and property tax revenue to pay for such services again depends upon the utility services necessary to support economic development. Again, only Whitestown is prepared to extend those services, thereby creating an inherent conflict in the 'merger' requirements vs. the annexation requirements.

The fact that Perry Township is not contiguous with Zionsville boundaries only amplifies these problems, and increases the cost of providing services.

Furthermore, IC 36-1.5 does not require the extension of municipal services to the entire 'merger' area. In the case of Zionsville, there are different levels of services between its "rural" area and its "urban" area. In fact, despite the 'merger' services in Zionsville's 'rural' area are actually provided by Boone County. Furthermore, during the winter of 2014, Boone County was unable to provide adequate road/highway maintenance services to some designated 'rural' areas, which affected the ability of local schools to remain open. These facts cannot be realistically

ignored when considering the ‘best interests’ of property owners.

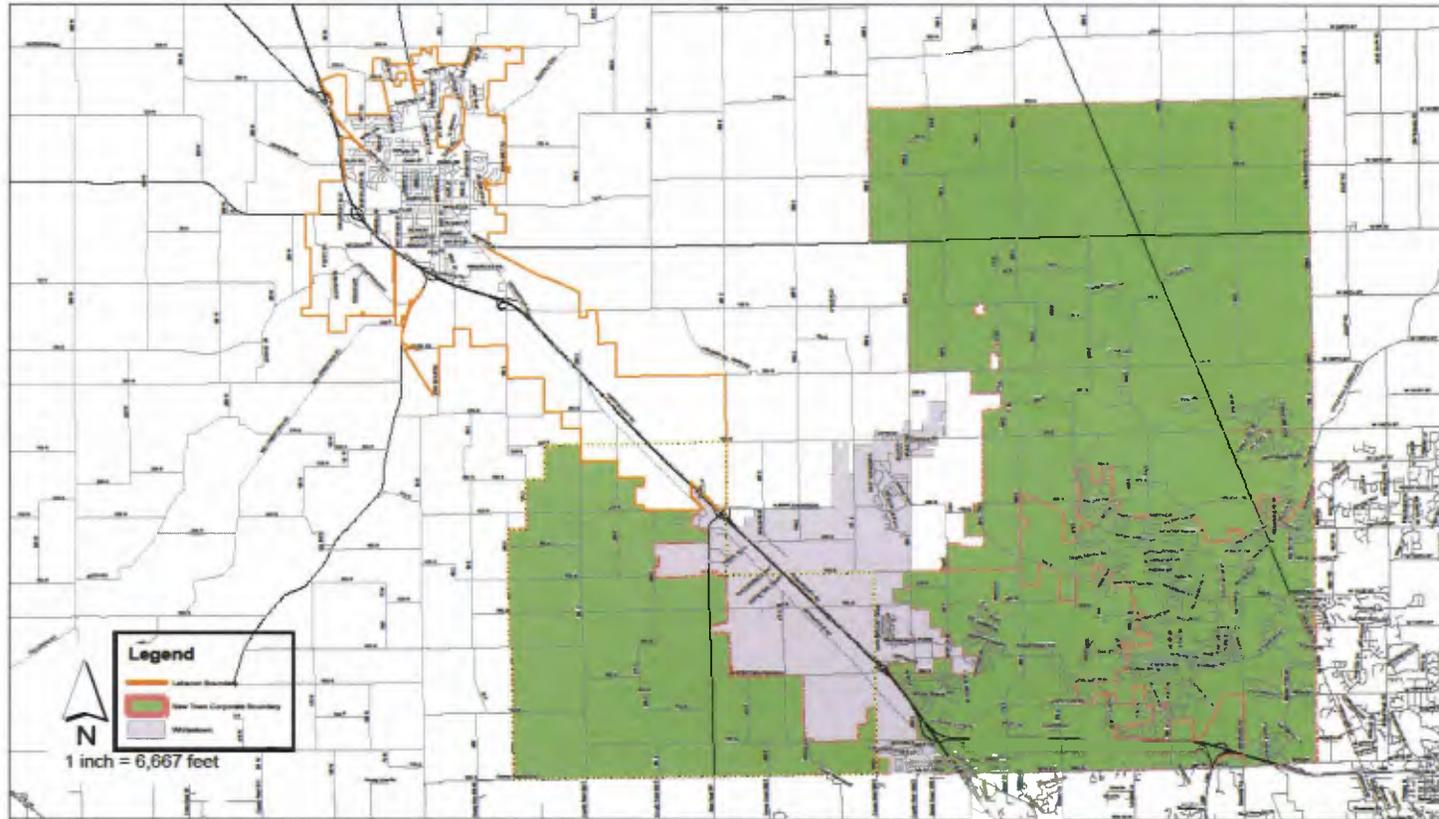
In addition, there is no coherent provision in any merger proposal which provides utility services to these non-contiguous areas.

In the case of annexation by Whitestown, Whitestown municipal services, including police & fire protection and utility service would be extended as provided herein. These provisions are time-tested, clear and extensively adjudicated.

WHICH ALTERNATIVE SERVES THE LONG-TERM ‘BEST INTERESTS’ OF LANDOWNERS?

Landowners should carefully consider the alternatives that are in their own long-term best interests from multiple perspectives. In many cases, ‘merging’ municipalities find fiscal surprises implicit in their proposed ‘merged’ government structure, leading to substantial public policy questions related to the ‘merger’ concept. Despite the alleged shortcomings of annexation, municipalities and landowners often find that political subjectivity often results in deficits of service, as well as fiscal problems. In this case, the ‘merger’ concept should be honestly investigated to determine whether a ‘merger’ has any realistic means of providing municipal utilities and other expensive services to newly-merged areas without significant costs that make the extension of those services by Zionsville economically infeasible. Furthermore, there has been no genuine attempt to address the issue of IURC-approved utility CTAs as part of the “modernization” effort by Zionsville and its ‘merger’ partners. These issues clearly bring question to the notion of the ‘best interests’ of landowners, especially when private septic tanks and private wells begin to fail and there is no economically-realistic method for a ‘merger’ Town to provide the municipal services which would otherwise address those problems.

Map #3



Annexation is Being Proposed in Order to Plan & Provide Utility & Municipal Services

As stated above, Whitestown is the only designated provider of the utility services necessary to support growth and economic development. There has been no ‘merger’ proposal, nor has the County’s ED Plan, realistically addressed this unquestioned reality. By failing to address the issue of utility service, all of these other “plans” leave rather substantial voids, especially with regard to the long-term best interests of the landowners in the Annexation Area.

Whitestown has been growing quickly, and responsible growth management requires that capital extension of municipal services be carefully planned and executed in order to maintain utility rates that are competitive with surrounding, competing communities. Whitestown is pursuing the Perry West Annexation with the primary intent of establishing a coherent plan for extending utility infrastructure, as well as other municipal services (including police and fire services), on the most cost-effective basis possible. The Town cannot justify the expenditure of municipal resources on planning and development for the Annexation Area if the territory is to be left undeveloped, or is to be developed at less than optimal densities, due to a lack of adequate utility services.

The Perry West Annexation Area is immediately adjacent to the current Whitestown municipal boundary, and would represent only a nominal extension of Whitestown Utility infrastructure to serve the undeveloped portion. Conversely, adjacent municipalities would arguably have difficulty in providing utility services to the Perry West Annexation Area at a cost competitive with Whitestown. In cases where the cost of extending utility services is unnecessarily high, the value of the land is decreased, because the high utility costs must be factored into the developed value of the land. Such situations effectively reduce the wealth of the current landowners by reducing the effective value of their property for future development.

The future cost of utility services is extremely important to this Annexation Area because of the direct proximity of the Annexation Area to the future alignment of Ronald Reagan Parkway (RRP). When RRP is completed, it will connect I-65 to I-70 and provide congestion relief from I-465. Development pressures are projected to increase dramatically as RRP is completed, and those development pressures cannot be met without efficient utility service. At this time, the only viable utility service provider is WU.

During the annexation process, current landowners will be afforded the opportunity to consider these issues from the perspective of competing proposals. Whitestown is prepared to engage in that discussion with the landowners as part of the annexation process.

Annexation is in the Best Interests of Landowners

It is in the best interest of landowners in the Annexation Area to embrace circumstances which enhance the value of their property. Logically, this would include receiving all of its important services, including police, fire, parks, roads, utilities, etc., from a single provider operating under

economies of scale for services efficiently and effectively provided to a contiguous area.

The provision of utility service at competitive rates is generally beneficial to property value. In theory and practice, comparable real estate carries a higher value when utilities are immediately present and utility rates are lower. The Town believes that WU can provide utility services to the Annexation Area more cost effectively than the City of Lebanon or the Town of Zionsville. The proximity of WU capital utility facilities to the Annexation Area, itself, demonstrates that WU can extend services more cost-effectively than any other provider. Therefore, existing landowners whose septic tanks or private wells fail are very likely to find that the cost of WU utility extensions are far lower than the cost of utility extensions by any other provider in the area. Such considerations speak directly to the best interests of landowners.

In addition, as is stated in other places in this Fiscal Plan, the capital cost of utility extensions (sewer and water) are generally expected to be borne by the landowner (in some cases, a developer). The capital cost of bringing utility services from either Lebanon or Zionsville to the Perry West Annexation Area are likely to be substantially higher than the cost of extending WU service to the Annexation Area. A similar case can be made for the cost of other important services, such as police/fire protection, parks and street/road maintenance.

While there are other issues which arguably serve the best interests of landowners in the Annexation Area, the cost of utility extensions (capital services) and utility rates, as well as the cost of police and fire services, would appear to clearly substantiate that annexation by Whitestown is in the best interest of landowners in the Perry West Annexation Area.

Contiguity

The Perry West Annexation Area is more than 25% contiguous to the existing corporate limits.

Developmental Intensity Has Increased Near Exit 133

This Fiscal Plan expressly notes that the area along the I-65 corridor is under extreme development pressure from a broad range of developers, including residential, commercial and industrial development, and these developers are expecting the delivery of Whitestown Utility services in order for their development proposals to be viable. In the case of the Perry West Annexation Area, the proximity to the I-65 Corridor is amplified by the Area's proximity to Exit 133 AND Exit 130, both of which have experienced considerable development in recent years.

A third development stimulus is projected for the Perry West Annexation Area. Developmental intensity is also projected for the RRP corridor when that corridor is complete. In addition, traffic volumes in the vicinity of the Annexation Area have increased in the last 10 years, due to new development, and those traffic volumes are projected to increase further with the continued construction of the Ronald Reagan Parkway (RRP). Segments of RRP in Hendricks County are currently being constructed (or are completed). Boone County officials have stated that funding of the Boone County segments of RRP will be completed in 2019/20, with construction to be

initiated soon thereafter. As such, the Annexation Area is expected to be subject to intense changes in traffic patterns, as well as land use in the next 5-10 years.

REQUIREMENTS OF ‘MERGERS’ VS. ANNEXATIONS: PROPERTY TAX REVENUES

The potential for new development in the Perry West Annexation Area carries a potential benefit related to property tax revenues derived from that new development. If provisions of IC 36-1.5 allow non-contiguous ‘mergers,’ while also failing to address utility services, police service, fire services, street services, etc., there is the potential to separate property tax revenues from the cost of those services.

The public policy question is obvious. Was it the Legislative intent that a ‘merger’ municipality would somehow collect property tax revenues from an area where it does not provide services? And what happens if *some* services are provided, but not *all* of the services?

Annexation statutes have already been parsed through long-term adjudication with regard to extending municipal services. Therefore, Whitestown’s proposed annexation already answers questions which might not be answered through IC 36-1.5.

In addition, Whitestown has initiated construction of a new wastewater treatment plant (WWTP) to provide sewer service to the growth area of the Town, including the Annexation Area. The new WWTP is located directly adjacent to the Perry West Annexation Area, and will provide additional sewer capacity to serve new developments in Whitestown, potentially including developments in the Annexation Area.

These increased pressures will have an impact on the quality of life in the Annexation Area, and this proposed annexation is intended to afford the residents of the Annexation Area a voice in that process. The Perry West Annexation Area is projected to develop in the future, and Whitestown is prepared to structure this annexation in a manner that assures the extension of municipal services as development occurs, in a planned and organized fashion.

Population Growth

The Town of Whitestown had a 2000 population of only 471 people. The 2010 population was cited at 2,867 persons, which represents a growth rate of more than 600% between 2000 and 2009 (when 2010 population figures were collected). Multiple subdivisions and major commercial, industrial and mixed-use developments have recently been approved, and development continues. Even at the rapid pace, the Town continues to plan for efficient extension of services. The Town is, therefore, engaged in an effort to determine the reasonable service area of its utilities and other municipal services and to prepare to bring those areas into the municipal boundaries in a planned and methodical manner.

Population Density

The current, estimated population density of the Annexation Area is less than 3.0 persons per acre.

60% Subdivided

The Annexation Area may be greater than 60% subdivided and urbanized (based on the number of parcels), in accordance with statute, at this time. However, it should be noted that areas around the Annexation Area are becoming more and more urbanized.

Area (County ED Area) Designated for Business Use

IC36-4-3-13(b) includes provisions that note “the territory is zoned for commercial, business, or industrial uses” as a factor that may be used in evaluating annexation. The Perry West Annexation presents a new set of circumstances with regard to this clause of statute.

The Perry West Annexation Area is not currently “zoned” for business use, despite the presence of an unincorporated village developed using urban parcel patterns. However, the County’s designation of an ED Area creates a clear determination that the Area is intended to be developed for business use. These considerations present a contradiction between the issue of ‘zoning’ and the County’s designation of an ED Area covering the Annexation Area.

The County’s designation of the ED Area (adjudicated at the Supreme Court) is clearly a precedent-setting public policy statement that the ED Area is to be developed for business use. Furthermore, the County has issued debt in support of future economic development of the ED Area, due to the proximity of the ED Area to RRP and I-65. That debt is ostensibly to be paid through tax increment that can only be derived from property taxes business development (residential property taxes cannot contribute to TIF).

BOTH the Town and County anticipate that the proximities to RRP, Exit 133 and Exit 130 will create future development pressure for business use which must be designed carefully to integrate with existing residential and village development. The narrow technicality of the term ‘zoned’ should not over-ride the clearly stated public policies of the County’s ED Area designation.

Waivers of Remonstrance

The Town does not intend to require that existing rural development connect to Whitestown Utilities immediately, however, as the area becomes increasingly urbanized, it is possible that existing residences on wells and septic tanks will request to be connected to Whitestown Utilities. Several property owners have privately inquired as to the availability of utility services from Whitestown, due to either private well or septic tank failure. Obviously, Whitestown can provide such utility extensions more cost-effectively than any other provider.

It has also been Whitestown’s policy that any utility extension be covered by waivers of remonstrance against annexation. These policies are expressly authorized by Indiana law to

prevent residents outside of a municipality from cherry-picking preferred municipal services at costs subsidized by municipal residents. Inasmuch as WU is owned by the Town, it becomes part of the package of municipal services, and annexation becomes linked to the provision of utility service (for WU, ‘utilities’ include water and sewer).

Similarly, it has been the intent of the Town that, in the future, municipal utilities would *not* be extended into areas inside the corporate limits of other municipalities. Certain exceptions to this policy (such as Royal Run and Stonegate) occurred prior to the time when Whitestown had created a long-term plan for its development, however, those are considered to be historic exceptions that are not preferable under anticipated circumstances. Therefore, if the Perry West Annexation Area becomes incorporated by another municipality, it is unlikely that Whitestown would extend utility service to the area, absent some other equitable method of ensuring that the investments and services of Whitestown (including residents, businesses and other taxpayers and ratepayers) are adequately protected.

As this annexation is pursued, Whitestown will seek to determine the preferences of landowners in the Perry West Annexation Area with regard to municipal services (including utilities), as well as the terms and conditions under which the area will be annexed.

Consideration of Exemption from Municipal Property Taxes

Whitestown is in the process of determining whether an exemption from municipal property taxes can be fairly implemented under the terms of IC 36-4-3-4. Current zoning designations in the Annexation Area are being studied. On first impression, it appears that some parcels are zoned agricultural (and thereby might be eligible for the tax exemption), while other, virtually identical properties are zoned residential (and would arguably be ineligible for the tax exemption). The Town is attempting to determine whether such apparent conflicts can be resolved under the statutory provisions.

Provision of Annexation Tax Abatement Under IC 36-4-3-8.5

It is the intent of the Town to offer annexation tax abatement under the statutory provisions of IC 36-4-3-8.5 to facilitate this annexation. Under these provisions, landowners would receive abatement of 75% of the municipal share of property taxes during the first year after the effective date of annexation; 50% abatement for the second year; 25% abatement for the third year; and then would pay the full amount of municipal property taxes in the fourth year, and thereafter.

“Needed & Can Be Used”

The Perry West Annexation Area is ‘needed and can be used’ by the Town for its development’ in the reasonably near future, in accordance with IC 36-4-3-13(c)(2). The Town of Whitestown has performed preliminary examination of the Perry West Annexation Area and has preliminarily determined that the area can be cost-effectively served by Whitestown Utilities, with appropriate planning. Inasmuch as the cost of utility service from other utility providers would likely be higher than the cost of extending utility service by Whitestown, the value of land in the

Annexation Area would be best preserved by offering utility service from Whitestown. The Town is operating under the reasonable presumption that the lowest cost of providing utility services would generate the highest residual value of land for development purposes. As such, the Town reasonably affirms that the area is needed and can be used by the Town for its development in the reasonably near future, as well as affirming that the annexation – by assuring that municipal capital services are extended – is in the best interests of landowners.

The proposed merger between unincorporated Perry Township & Zionsville also necessitates that Whitestown move forward promptly with annexation in order to prevent a ‘merger’ to move forward without adequate consideration of the facts related to services that multiple entities have either categorically stated to be true, or services which have been ignored, altogether in public discussion. Consider the following:

- The Annexation Area has long been designated by Boone County as an ED Area with debt leveraged by the County in support of the intent for future economic development.
 - The economic development purported by Boone County cannot realistically occur in the absence of capital utility services, which can only be realistically and cost-effectively provided by Whitestown.
 - If the County’s ED area designation is to be accepted as genuine, the proposition of ‘merger’ MUST address the issue of utility service in a manner far exceeding the ‘rural’ vs. ‘urban’ designations which Zionsville has previously employed.
- Whitestown’s purchase of the assets of BCU includes a Certificate of Territorial Authority (CTA) which includes the Annexation Area for purposes of exclusive utility service.
 - There has been no evidence or effort by any other entity (Lebanon or Zionsville) to compensate Whitestown for its existing investment in utility infrastructure to serve the areas considered for ‘merger.’
 - There has similarly been no effort or evidence to demonstrate that utility services can or will be provided by any other entity at any cost.
 - As such, the proposition of ‘merger’ must be compelled to address the issue of capital utility services in a manner that recognizes the investments of Whitestown ratepayers.
- It is virtually impossible to envision the fulfillment of any of the County’s stated provisions of the ED Area while simultaneously addressing only the minimum statutory requirements of a ‘merger’ under IC 36-1.5.
 - As such, the idiosyncrasies of this situation mandate that the ‘merger’ proposal should be compelled to address the issue of cost-effective delivery of non-capital and utility services as part of effectively implementing the ‘merger.’

IC 36-1.5 is silent to these issues, and does not specifically require that these issues be addressed, despite their obvious importance to the best interest of landowners. At the same time, IC 36-4-3 does specifically address these issues and specifically requires that Whitestown’s services be extended under very specific terms and conditions, which are directly intended to protect the best interest of those landowners.

Established Written Annexation Policies Addressing the Area

The Whitestown Town Council also specifically undertook an effort to formally establish written Annexation & Growth Policies which were developed and passed by the Town Council prior to this annexation. These policies outlined the Town’s expectations with regard to service delivery,

as well as defining what services were to be delivered as a result of annexation and clearly separating “municipal services” from “development standards.” These annexation/growth policies clearly stated the intent of the Town Council that the Town’s growth policies expect annexation of the entirety of the service area (CTA) of Whitestown Utilities as such areas are developed. This Perry West Annexation is consistent with those policies, and further indicates that the area is ‘needed and can be used’ for the future development of Whitestown.

Town Established Utility Service Area

The Town of Whitestown purchased the assets of the bankrupt Boone Utilities, including its utility service area jurisdiction. The correlation of annexation and municipal utility service area is both reasonable and has been acknowledged in Indiana law. As such, the fact that the Annexation Area lies within the CTA of WU, and that municipal utility service is to be extended to the Annexation Area further affirms that the area is ‘needed and can be used.’

TOWN HAS UNDERTAKEN GEOTECHNICAL STUDIES TO PROVIDE WATER SERVICE

As stated previously the Town has undertaken geotechnical studies necessary to plan for the extension of water service to the Annexation Area. The geotechnical studies confirmed that Whitestown was the only realistic water service provider for southern Boone County. The conclusion of these studies were further affirmed by a separate, similar study undertaken by the County, et al, which showed WU to be the cost effective provider of water service to the Annexation Area.

TOWN HAS MADE CAPITAL INVESTMENT TO PROVIDE WATER CAPACITY

In addition to undertaking the geotechnical studies necessary to determine the most cost-effective source of municipal water, the Town has already undertaken the capital investment necessary to provide water service to the Annexation Area. These investments include an investment in new facilities to increase the amount of water available to Whitestown Utilities, as well as investment in a water tower necessary to provide water for fire emergencies, as well as to provide water pressure in times of increased demand. This capital expenditure further demonstrates that the Annexation Area is needed and can be used by the Town for future development.

TOWN HAS MADE CAPITAL INVESTMENT IN NEW WWTP

The Town is in the process of constructing a new wastewater treatment plant (WWTP) immediately adjacent to the Annexation Area, which provides new sewage treatment capacity for purposes of serving new development in the existing boundaries of the Town, as well as development in the Annexation Area. This capital investment is necessary to enable the ED Area to develop as stated in the County’s ED Plan, and further demonstrates that the area is ‘needed and can be used.’

In contrast, there are serious questions as to whether the potential for ‘merger’ with Zionsville carries any obligation or provision for sewer utility service. These factors

contribute directly to considerations of ‘needed and can be used,’ as well as the best interests of current landowners.

All of these utility investments served to interactively demonstrate the Town’s capacity to provide service, as well as the Town’s intent to extend service to the Annexation Area, which is considered to be in complete conformance with IC 36-4-3-13(c)(2).

Possible Establishment of Inside/Outside Utility Rates

Separately, it is the intent of the Town to annex areas served by Whitestown Utilities in accordance with relevant provisions of IC36-4-3, unless otherwise provided by prior agreement. It should be noted that the Town may, at its sole discretion, decide to alter the rate structure of Whitestown Utilities to provide for “inside/out” rates, where utility customers located outside the corporate limits of the Town are required to pay higher utility rates than customers inside the corporate limits of the Town. Any decision to establish “inside/out” utility rates will be established in accordance with Indiana law, and is permitted as a result of the “Farley Neighborhood Association v. Town of Speedway” decision of the Indiana Supreme Court (765 N.E.2d 1226 (Ind. 2002)). The decision to implement “inside/out” utility rates may also be affected by the results of annexation actions pursued by nearby municipalities, but these provisions also suggest that this annexation is in the best long-term interests of landowners.

Development Pressures in the Immediate Area

The Annexation Area is adjacent to RRP and SR267, as well as being adjacent to the future Ronald Reagan Parkway (RRP) corridor. RRP is a strong development location with extraordinary transportation access. As new development occurs in the immediate area, the Town is prepared to provide the planning and management necessary to manage growth and assure high-quality development. These circumstances clearly suggest that the Annexation Area is ‘needed and can be used,’ for development in the near future, due both to SR267 and RRP.

Extension of the Ronald Reagan Parkway (RRP)

The route of the RRP is projected to be constructed both in and near the Annexation Area. The RRP will connect I-65 at Exit 133 with I-70 in the vicinity of the Indianapolis International Airport. When the RRP corridor is complete, it will represent an alternative link between I-65 and I-70 without the initial congestion of I-465 traffic levels. It is therefore projected that RRP traffic increases will be substantial, and those traffic increases will affect the Annexation Area. As such, the location and construction of RRP further contributes to the determination that the Annexation Area is ‘needed and can be used’ for the development of Whitestown.

Development of the New WWTP

Whitestown has received approval to construct a new WWTP to serve new growth in the Town. The new WWTP is located immediately adjacent to the Annexation Area, very near the RRP corridor. The new WWTP will provide capacity to extend sewer service to new development throughout Whitestown, including the Annexation Area, representing further evidence that the area is ‘needed and can be used’ for the Town’s development in the reasonably near future.

Plan to Provide Municipal Services

The Town of Whitestown recognizes the following municipal departments and agencies as providing municipal services to residents of the Town:

Administration/Town Council (non-capital services only)
Clerk-Treasurer (non-capital services only)
Police Department (non capital services only)
Fire Department (non-capital services only)
Street Department (capital & non-capital services)
Whitestown Utilities (capital & non-capital services)
Redevelopment Commission (non capital services only)
Parks Department (capital and non-capital services)
Town Court (non-capital services only)

Providing All Non-Capital Municipal Services

All non-capital services will be provided to the annexed territory within one year after the effective date of annexation, and will be provided in a manner equivalent in standard and scope to the non-capital municipal services provided to the areas within the corporate boundaries of the Town with the intent for complete conformity to all requirements of IC36-4-3. The Town Council and Clerk-Treasurer have already begun the planning for extension of both capital and non-capital municipal services, and have initiated efforts to organize resources necessary to assure that the extension of services occurs in a smooth and efficient a manner. The projected effective date of the annexation is likely to be between January 1, 2015 and April 1, 2015, with all non-capital services to be in place within one year after the effective date, as required by statute. For further clarification, municipal services are defined in the growth & annexation policies of the Town of Whitestown, as passed by the Town Council.

MUNICIPAL ELECTIONS

Residents of the Perry West Annexation Area will become eligible to vote for municipal officers, including the Clerk Treasurer, Town Council, etc., as well as offering themselves as candidates for municipal offices, in regular and special elections beginning on the effective date of the annexation.

TOWN ADMINISTRATION

The Town Administration develops and administers municipal policy, as well as dealing with citizen requests of various types. The elements of the Town Administration includes the Town Council, Town Clerk-Treasurer, Town Manager and all Department leaders, who work cooperatively to address issues and concerns of citizens, as well as other issues related to the execution of municipal services. The increase in cost of additional administrative services is reasonably allocable in part to the growth of the Town (new development), and only nominally allocable to this annexation area in its current configuration. Due to the configuration of the Perry West Annexation Area, the size and population of the Annexation Area, and the potential

for conflict with nearby municipalities, the administrative cost of this annexation is not expected to be significant, except for the cost of the statutory annexation process, itself. As individual departmental costs are reliably estimated, a Summary Table of estimated municipal service costs will be developed by the Town Manager, in cooperation with the Town Council.

In addition, this Fiscal Plan notes that some of the services of the Town Administration are already available to the residents of the Perry West Annexation Area by virtue of receipt of, and response to, telephone calls and requests for information related to various municipal services, including zoning matters, development proposals, proposed annexation(s), complaints and other matters germane to the common interests of the residents of the general area. Residents from outside of the town limits routinely appear before the Town Council to simply be informed, to express concerns and to air grievances and those opportunities exist for residents of the Annexation Area. Therefore, a significant portion of the Town's administrative services are already afforded to residents of the Annexation Area.

Many of the services of the Town Administration are already available to the residents of the Perry West Annexation Area and all non-capital administrative services will be formally extended in a manner equivalent in standard and scope to the services provided to the other areas within the corporate boundaries of the Town when the annexation is effective.

CLERK-TREASURER

The Clerk-Treasurer serves as the Chief Financial Officer for the Town. The office is responsible for maintaining the Town's financial records, receiving and paying invoices for goods and services, as well as managing and investing revenue streams received by the Town. The services of the Clerk Treasurer are provided on behalf of the residents of the Town, but do not accrue directly to the individual residents of the Town. The records of the Clerk-Treasurer are public. We do not project a significant change in the services of the Clerk-Treasurer as a result of this annexation.

The services of the Clerk Treasurer's office will be available to the residents of the Annexation Area on the effective date of the annexation, and will be extended in a manner equivalent in standard and scope to the services provided to the other areas within the corporate boundaries of the Town.

TOWN COUNCIL

The Town Council serves as the Executive & Legislative branches of municipal government, with 5 councilors elected by residents of the Town. The opportunity to present issues to the Town Council and other municipal offices will be extended to the residents of the Perry West Annexation Area immediately upon the effective date of the annexation. However, it must also be added that the Whitestown Town Council already extends many of the services of the Town Council to the residents of the Annexation Area. Such services include the opportunity to testify before the Town Council at public hearings, the opportunity to address the Council at Council meetings, and the opportunity to informally discuss issues deemed important by the residents of

the area, either individually or collectively. The Town Council has often afforded residents of this and other Annexation Areas the opportunity to express their views in shaping development policy for the community at large, despite the fact that Annexation Area residents were not residents of the incorporated Town.

That said, the services of the Town Council will be formally available to the residents of the Perry West Annexation Area on the date the annexation becomes effective, and will be extended in a manner equivalent in standard and scope to the services provided to the other areas within the corporate boundaries of the Town.

TOWN COURT

The proposed annexation will have no projected impact on the operation or financing of the Town Court. Currently, the County Sheriff is officially responsible for patrols of the roads in the Annexation Area and any traffic infractions or citations are sent to county courts in Lebanon for adjudication. However the Whitestown Police also provide patrols in the Annexation Area from time to time, including citations for traffic infractions.

Upon the effective date of annexation, the Whitestown Police Department will patrol the area, and traffic infractions, as well as other activity, will be adjudicated in the Town Court. This is projected to increase the Town Court case load, and the cost of operating the Town Court. Research with comparable courts has indicated that the increased case load is generally accompanied by increased court revenues from fines and court costs, with the Town Court ultimately paying for its operations through the Court's internal revenues.

The services of the Town Court will be provided in a manner equivalent in standard and scope to services provided to the other areas within the corporate boundaries of the Town upon the effective date of the annexation.

EMERGENCY COMMUNICATIONS

The Town receives emergency communications services through a cooperative venture with the County. As such, emergency communications are not a municipal service of the Town of Whitestown. This will not change as a result of annexation, and is budgeted separately.

POLICE DEPARTMENT

The proposed annexation includes extending the services of the Whitestown Police Department into the Annexation Area, within one year of the effective date of the annexation. The Town has been adding resources to its Police Department as the Town continues to grow, regardless of annexation, and the Town Council projects that it will continue to pursue these same patterns of increasing service resources with annexation adding only nominally to police service demand.

Inasmuch as the police department resources are growing with new development throughout the Town, it is projected that the existing levels of development in the Perry West Annexation Area will not generate a need to add full-time police officers to the Town.

Police Service from Other Providers

In all cases, it is expected that the level of police service coverage provided by the Town of Whitestown will exceed the level of police coverage currently provided by the Boone County Sheriff. In addition, given the proximity of the Perry West Annexation Area to the corporate limits of Lebanon, it is also noteworthy that Whitestown Police are more likely to be available to respond to emergencies than Lebanon city police or Zionsville Town Police, for obvious geographic reasons. All of these comparisons are valid in consideration of the best interests of landowners in the Annexation Area.

The Whitestown Police Department will assume jurisdiction over the Perry West Annexation Area within one year of the effective date of the proposed annexation, and services will be formally extended in a manner equivalent to the standard and scope of services which the Police Department provides to the other areas within the corporate boundaries of the Town.

FIRE DEPARTMENT

Fire protection services are provided by the Town of Whitestown. The provision of fire protection services has evolved over the last decade. At one point, fire service was provided through a cooperative fire service agreement in conjunction with Worth Township, however, that relationship has evolved into fire as a municipal service, relying upon professional firefighters. These new fire service policies are currently being implemented in a planned and methodical fashion to assure proper continuity of service.

At this time, the Town is working toward the purchase of a new Town Hall facility. When that purchase is completed, it is the Town's intent to relocate the Town's administrative offices to the newly refurbished Town Hall, while converting the existing Town Hall to a fire station located to serve the southern portions of Whitestown (including the Annexation Area). These plans serve to enhance and insure adequate provision of fire service to the southern portion of Whitestown, including Eagle's Nest and other growth areas. These steps are being taken to provide public safety services in the best interests of landowners in the Annexation Area, as well as confirming that the Annexation Area is needed and can be used for the future development of Whitestown.

OFFER TO WORK COOPERATIVELY WITH PERRY TOWNSHIP FIRE

In addition, it is noted that Whitestown has, on several occasions, offered various terms for combining the fire protection resources of Perry Township with those of Whitestown. Perry Township has consistently refused such offers, however, such a combination might still serve the interests of the Town and the Township at such time as the Township becomes interested.

Fire services will be afforded to the residents of the Perry West Annexation Area in a manner equivalent in standard and scope to the services provided to the other areas within the corporate boundaries of the Town, however, fire protection services will not be provided specifically by the Town.

STREET DEPARTMENT (NON-CAPITAL SERVICES)

The Street Department will require a full year to plan and program the extension of its services to the Annexation Area, with Street Department non-capital services (i.e., street and road maintenance) beginning one year after the effective date of the annexation and provided in a manner equivalent in standard and scope to the services provided by the Street Department in the other areas of the Town. Accommodation of the extension of municipal services under these statutory circumstances must be carefully considered prior to making fiscal plan commitments.

The provision of street department services is also relevant to the best interests of landowners in the Annexation Area. The Zionsville consortium provides street services to a ‘rural district’ area by using the Boone County Highway Department resources and facilities. During the winter of 2013, Boone County could not provide adequate street maintenance services, and as a result Zionsville Schools were threatened with closure because buses could not deliver students to/from home. In those cases, the Whitestown Street Department was called upon to provide street department services to the Zionsville area in order to keep the schools open. This reality serves as a stark reminder that there are substantive differences between the municipal street department services of the Town of Whitestown which can be directly compared to the services provided under the current ‘merger’ configuration, which draws upon a consortium of service providers.

Municipal street department non-capital services will be afforded to the residents of the Perry West Annexation Area in a manner equivalent in standard and scope to the services provided to the other areas within the corporate boundaries of the Town, within one year of the effective date of the annexation.

WHITESTOWN UTILITIES: WATER SERVICE

Whitestown Utilities provides sewer and water utility services to the Town of Whitestown, however, the development levels in the unincorporated areas near Whitestown (including portions of the Perry West Annexation Area) have not yet achieved sufficient uniformity to provide service throughout the Annexation Area.

Generally, all new development in the Perry West Annexation Area is projected to be afforded water service by Whitestown Utilities (“WU”), and provision of water service to undeveloped parcels is to be negotiated either as part of a development proposal, or negotiated with landowners, individually. This Fiscal Plan projects that the Town’s policies for extending water utility service will continue in its existing form, and that municipal water service to existing rural areas will not be extended until such service is requested and the cost of such service can be reliably determined.

There are several important premises for understanding the Town’s intent with regard to providing water utility services to the Perry West Annexation Area.

1. The Town (and County, et al) have conducted all geotechnical studies necessary to reasonably assure landowners in the Annexation Area that WU is the only reasonable provider of water service to southern Boone County.
2. The Town has also undertaken explicit capital investment in enhancement of water service to southern Boone County, including the Annexation Area in the form of increased water volume, increased water capacity, and increased water storage.
3. WU will extend utilities to any parcel in accordance with Town utility extension policies. It is likely that any parcel requesting WU water service will be required to pay the capital cost of extension of that water service.
 - a. While the Town reasonably believes that WU is the most cost-effective provider of water service, the Town does not anticipate forcing any existing rural resident to accept water utility service, and similarly, as long as their private wells are sufficiently functional, the Town does not anticipate receiving such a request from within the service area of the WU, unless there is a demonstrated health problem with the private well(s).
 - b. In addition, the landowners should carefully consider the capacity of the City of Lebanon to extend water service to the territory, as well as the cost of extending Lebanon's capital water services to the Annexation Area. Circumstances being equal, it is projected that the cost of extending WU water services will be substantially less than the cost of extending Lebanon water service, assuming that Lebanon has the capacity to deliver water service.
 - c. In addition, the landowners should carefully consider any 'merger' provisions for utility services from the Town of Zionsville, as part of the public discussion.
4. WU will allow existing rural residences to connect to the WU water system as the system continues to develop over time, at costs prescribed by WU. As the undeveloped areas continue to develop, WU anticipates that it will become increasingly more practical to provide water service at a competitive cost to existing rural residences.
 - a. These provisions should be directly compared to the provisions/proposals from Lebanon and/or Zionsville.
5. WU retains the right to develop and implement "inside/out" utility rates, where property outside of the corporate limits of the Town will pay higher water and sewer utility rates than property inside the corporate limits of the Town. Such "inside/out" rates will be determined by the Town and implemented at the sole discretion of the Town.
 - a. These 'inside/out' rate provisions are also available to Lebanon and Zionsville utilities and should be carefully examined by landowners in the landowners' best interests.
6. The practical circumstances of this annexation creates substantial question as to the comparative ability of Lebanon and/or Zionsville to extend water utility services to the Perry West Annexation Area.
 - a. There is substantial question as to the water volume/capacity of the Lebanon and/or Zionsville water utilities.
 - b. There is also substantial question as to the engineering of utility extensions from Lebanon and/or Zionsville, including such issues as water pressure, water storage and water rates necessary to support the extension of Lebanon's non-capital/capital water service.
 - c. These provisions should be directly compared to any proposals resulting from 'merger' discussions with Zionsville.

The cost of water utility service will be paid entirely by the water utility user fee/revenue system, and will not be a part of the municipal budget, per se, for Whitestown. The comparative provisions of municipal water service to the Annexation Area are very directly related to the best interests of landowners.

The capital and non-capital services of the water utility will be made available to residents of the Annexation Area immediately upon the effective date of annexation. However, it might behoove residents of the Annexation Area to consider that the growth and development near and surrounding them might ultimately bring water utility service to their property at a lower cost than paying for those service extensions privately.

SEWER SERVICE

The sewer utility services to the Annexation Area are provided by WU, which has installed interceptor sewers, collection sewers and more recently a WWTP expansion serving a portion of the Perry West Annexation Area. Whitestown owns and operates the WU sewer utility and requires all connections to the WU sewer system to be accompanied by a waiver of remonstrance against annexation by Whitestown.

Some Property Owners Have Already Inquired About Sewer Service

It is noted that the Town has received private inquiries regarding the availability of sewer service due to the failure of septic tanks in the Annexation Area.

There are several important premises for understanding the town's intent with regard to providing sewer utility services to the Perry West Annexation Area.

1. WU is already investing in expanded sewer service in the form of a new WWTP, located immediately adjacent to the Annexation Area, which can cost-effectively serve the landowners.
2. WU will extend utilities to any parcel in accordance with Town utility extension policies. It is likely that any parcel requesting WU sewer service will be required to pay the capital cost of extension of that sewer service.
 - a. However, the Town does not anticipate forcing any existing rural resident to accept sewer utility service, and similarly, as long as their private septic fields are sufficiently functional, the Town does not anticipate receiving such a request from within the service area of WU, unless there is a demonstrated health problem with the private septic field(s).
 - b. The Town anticipates that sewer extensions will be negotiated as new development proposals are received.
 - c. In addition, the landowners should carefully consider any 'merger' provisions for utility services from the Town of Zionsville, as well as the potential for receiving utility service from Lebanon as part of the public discussion.
3. WU will allow existing rural residences to connect to the WU sewer system as the system continues to develop over time, at costs prescribed by WU. As the undeveloped areas continue to develop, WU anticipates that it will become increasingly more practical to provide sewer service at a competitive cost to existing rural residences.
 - a. These provisions should be directly compared to the provisions/proposals from Lebanon and/or Zionsville.

4. WU retains the right to develop and implement “inside/out” utility rates, where property outside of the corporate limits of the Town will pay higher water and sewer utility rates than property inside the corporate limits of the Town. Such “inside/out” rates will be determined by the Town and implemented at the sole discretion of the Town.
 - a. These ‘inside/out’ rate provisions are also available to Lebanon and Zionsville utilities and should be carefully examined by landowners in the landowners’ best interests.

5. The practical circumstances of this annexation creates substantial question as to the comparative ability of Lebanon and/or Zionsville to extend utility services to the Perry West Annexation Area.
 - a. There is substantial question as to the volume/capacity of the Lebanon and/or Zionsville sewer utilities to cost-effectively serve this area.
 - b. There is also substantial question as to the engineering of utility extensions from Lebanon, including such issues as water pressure, water storage and water rates necessary to support the extension of Lebanon’s non-capital/capital water service.
 - c. These provisions should also be directly compared to any proposals resulting from ‘merger’ discussions with Zionsville which does not generally control its own utilities.

Residents of the Annexation Area should not expect to be allowed to connect to WU facilities without annexation. If this annexation is not successful, any future utility connection will likely require annexation as a condition of extension of service.

Virtually all of the new development in Whitestown was required to provide waivers of the right to remonstrate against annexation by the Town. As new development occurs, this provision further demonstrates that the development areas are needed and can be used by the Town for its growth and development. Sewer utility service will be paid entirely from revenues generated through sewer utility user fees and will not be part of the municipal budget, per se. The capital and non-capital services of the water utility will be made available to residents of the Annexation Area immediately upon the effective date of annexation using the terms previously stated, above.

Perhaps the most important consideration for landowners, however, is the need to directly compare the capacity, authority, and cost of receiving Whitestown Utility services in comparison to competing proposals from Lebanon and/or Zionsville.

WHITESTOWN REDEVELOPMENT COMMISSION (WRC)

There are no areas within the Perry West Annexation Area which are designated to be under the jurisdiction of the WRC. The Annexation Area will be considered eligible for ED Area designation on the effective date of the annexation. The Town and WRC will fairly consider future development proposals in the Perry West Annexation Area which might require designation of an ED Area.

Boone County Has Already Designated This ED Area

It is noted that Boone County has already designated an ED Area which substantially covers the Annexation Area. The presence of the County ED Area, as well as the debt which the County undertook in establishing the ED Area represent additional

complications which must be considered by Whitestown, in the event that a Town ED Area is to be considered.

On the effective date of the annexation, the WRC can consider any request to designate an economic development area or redevelopment area within the Annexation Area under Indiana law, for the purposes of promoting economic development in the Perry West Annexation Area.

PARKS DEPARTMENT

The Town's park development policies require that new development set aside green spaces and public spaces for recreational purposes as development standards. The Town's Parks Department works with developers to develop and maintain park areas within new development, largely at the expense of the developer/development. In addition, the Town charges a park impact fee for the purpose of addressing park needs in the Town. The Town also has a full-time parks staff person who oversees various park tasks and initiatives.

The Town anticipates that the extension of non-capital parks services into the Annexation Area will take place one year after the effective date of the annexation in a manner equivalent in standard and scope to the parks services delivered to the incorporated portions of the town.

Providing Capital Services

All capital services of the Town of Whitestown will be extended to the Perry West Annexation Area within 3 years of the effective date of this annexation in the same manner as those services are provided to areas inside the corporate limits, and in a manner consistent with federal, state and local laws, procedures and planning criteria.

IC36-4-3 identifies capital services as street construction, street lighting, sewer facilities, water facilities and stormwater drainage facilities. (As with non-capital services, the commencement of capital services will depend upon the final effective date after any deferral of annexation.)

STREET DEPARTMENT (CAPITAL STREET CONSTRUCTION SERVICES)

The Street Department also offers the capital services of road construction and re-construction which will be provided to the Annexation Area beginning three years after the effective date of annexation. Individual road capital projects are prioritized and priorities are addressed as funding becomes available.

This does not necessarily mean that road reconstruction will begin in 2017/18. Instead, it means that the road construction needs of the Annexation Area will be included in the capital project priorities of the Town of Whitestown beginning in 2017/18 for initial capital expenditures in 2019/20. The Capital programming of the Street Department is based on several factors:

- Road/pavement inspections;
- Existing and projected traffic volumes;
- Existing Thoroughfare Plans;
- Project Cost;

Available Funding;
Right of way acquisition required;
Citizen support and
Completed/approved engineering designs.

Current Street Department policy requires that the condition of all roads be examined annually (on multiple occasions if potholes, cracking, washboarding or other pavement deterioration is detected). The results of these inspections are then to be pooled into a comprehensive list based on condition of the roads, existing and projected traffic, extent of repairs or reconstruction needed, cost of the project and funding available. Once the road projects are identified, organized and prioritized, the Town's Consulting Engineer will work with the Town Council and the Street Department to establish a funding plan based on available funding from potential sources identified by the Town's Financial Advisor. At this time, it is anticipated that the MVH and LRS funding received from the annual budget will comprise the majority of the budget of the Street Department.

In addition, the negotiation of development proposals routinely includes requiring developers to repair or upgrade certain streets/roads, at the developer's expense, as part of the development. Such improvements cannot be projected in the absence of a development proposal, per se, but it is possible that the Perry West Annexation Area could benefit from such development policies.

It is difficult to project when construction of any specific road project will begin, due to the growth rate of the Town and the myriad of issues associated with such construction projects (right of way purchases, design/approval delays, funding cutbacks/availability, etc.). In some cases, when specific revenue streams can be identified to pay off the debt, the Town can pursue a special road construction bond, however, it is too early to tell if such a bond is possible for this specific annexation.

Some projects in other municipalities (including Indianapolis) have been on the road construction list for several years. Therefore, the need to prioritize such projects will be the same for the Annexation Area as for areas within the corporate limits of the Town. In addition, it appears that Boone County participates in the Indianapolis MPO, which is responsible for prioritizing federal and state funding for major road projects. Since Whitestown is such a small part of the overall MPO, and is new to the MPO endeavor, it is difficult for Whitestown to predict whether a major project inside the Whitestown boundaries could be funded with federal funds in the near future.

Generally speaking, given the policy details presented above, the Town of Whitestown expects to deal with capital street projects in two major steps. First, the Town provides for improvements to key intersections to improve the efficiency of the flow of traffic through those intersections as a result of new development. Second, the Town widens the thoroughfare between the intersections to increase the traffic-handling capacity of the roadway corridor where traffic levels are nearing or at capacity. The entire process takes several years to complete under

normal circumstances, and in most municipalities the priority list for improvements is continually updated, based on traffic levels and roadway conditions, among other things.

STREET LIGHTING

Whitestown does **not** provide street lighting as a capital service of the Town. Street lighting is considered a development standard, rather than a municipal service. Street lighting differs in design between developments, depending upon the target demographic of the development and the negotiations of the developer and plan commission for approval of the subdivision/development. Since the provision of street lighting differs widely, homeowners' associations are responsible for the maintenance of street lighting in each subdivision.

In cases where there is an unusual need for street lighting, the Town's is prepared to receive and consider requests for the installation of street lighting in certain areas. The ability to present any street lighting service/request to the Town Council will be afforded to the Annexation Area within three years after the effective date of the annexation in the same manner as the service is afforded other areas of the incorporated Town.

WHITESTOWN UTILITIES: CAPITAL WATER SERVICES

It is important to note that Whitestown has already made significant non-capital and capital investment in water facilities to serve the Annexation Area. The capital water service projects to increase the supply and volume of wholesale water, as well as projects to improve water storage and water pressure to support new development (such as that proposed by the County's ED Area designation). The enhanced water supply, water pressure and water storage not only serve the day-to-day needs of the growing community, but also serve to enhance the Town's capacity to fight fires in emergency situations.

Whitestown receives capital water services from Indianapolis and from Whitestown Utilities (WU). Indianapolis water is operated by Citizens which supplies wholesale water to WU. Any request for service which is received from the residents of the Annexation Area will be addressed within the statutory time frame (see water and sewer utility service explanations, above). Capital water service extensions are made at the expense of the property owner, and such capital water services will be provided to the annexation territory on the effective date of the annexation. In essence, the landowners are generally required to pay for capital water extensions, and as such, the municipal water services of WU will commence immediately upon the effective date of the annexation. Under some circumstances, it is possible that WU water services could be extended prior to the effective date of the annexation, in cases where the landowner pays for such extensions.

In this particular case, the undeveloped nature of the Annexation Area creates another possibility. If the area were to receive a development proposal, it is possible that capital water service to the proposed development could defray a significant portion of the cost of capital service extensions. However, this eventuality would be idiosyncratic to the circumstances of the development and cannot be predicted at this time.

Capital Water Services from Lebanon and/or Zionsville

Landowners need to consider the cost and capacity of the City of Lebanon to provide water utility service to this Annexation Area in determining their future best interests with regard to this annexation. As a result of geotechnical studies, facility planning and capital investment, it has been clearly demonstrated that Whitestown has the capacity and the facilities to offer the most cost-effective water service to the Annexation Area.

Capital Water Services from Zionsville

It is currently unclear precisely how a Zionsville ‘merger’ would affect capital water service from Zionsville. Ostensibly, Zionsville does not own its water utility, but receives water services from Citizens Utilities. In addition, previous ‘merger’ provisions did not include capital water service to the ‘rural’ areas of the townships merged.

These provisions should be carefully compared to the capital water services offered by Whitestown. Generally speaking, utility service has a direct correlation with property value, which would appear to be a primary interest of landowners.

CAPITAL SEWER SERVICE BY WU

Capital sewer utility services to the Perry West Annexation Area are provided by WU. Generally, the Perry West Annexation Area has access to nearby WU interceptor sewers and/or collection sewers, which could be extended into the Annexation Area, if desired. WU also upgraded a sewage treatment plant serving a portion of the town and the sewer mains leading to the new WWTP are in the proximity of the Annexation Area, which could reasonably serve to reduce service costs. Capital sewer service extensions are generally made at the expense of the property owner, and such capital sewer services will be provided to the annexation territory on the effective date of the annexation. Again, however, it is possible that development in/near the Annexation Area could also benefit the provision to service to the Annexation Area landowners.

Whitestown’s Investment in a New WWTP

As stated previously, Whitestown has already invested in the capital services of providing sewage treatment capacity to serve a key area, which has the attributes suggesting significant future growth. The transportation proximity of the Annexation Area to the RRP, as well as to I-65 Exit 130, and to SR267 all suggest future economic development in the area. This suggestion has again been separately confirmed by the County’s ED Area designation, and the new WWTP is specifically designed to address and enable the extension of capital sewer services by the Town.

Sewer Services from Lebanon

Landowners need to consider the cost and capacity of the City of Lebanon to provide sewer utility service to this Annexation Area in determining their future best interests with regard to this annexation.

CAPITAL DRAINAGE SERVICES

It is important to note that the Town of Whitestown does not provide what is traditionally considered to be “drainage services” as a municipal service of the Town. Traditionally, the term “drainage services” has been interpreted to mean the installation of storm sewers, combined sewers, drainage tiles or drainage ditches, which are paid through assessments levied by the county drainage board. The Town installs none of these, and generally does not consider itself to have the authority to levy such assessments. As such, the Boone County Drainage Board will retain such authority in the Annexation Area.

Whitestown is considering the development and implementation of a stormwater utility, but that decision is not yet final. Upon annexation, residents of the Annexation Area can participate in those community discussions.

Whitestown’s development policies handle drainage issues as a “development standard” rather than a municipal service, by requiring the developer to install stormwater handling and retention facilities which retain stormwater runoff on the site of the development in order to minimize downstream flooding. (From time to time, development standards change, meaning that various stormwater retention facilities might be designed to address different standards, over time.) Generally, stormwater retention facilities are the responsibility of the developer and HOA for maintenance, and the cost of constructing stormwater drainage or retention facilities is included in the cost of the development. This cost is generally conveyed to land purchasers in the price of their parcel.

Fiscal Impact Projections

The fiscal impact projections to be provided with this Fiscal Plan narrative will be prepared cooperatively by Reedy Financial Group, PC, and the Town Manager. The fiscal projections of costs and revenues is currently being developed with contingencies related to the timing of the annexation, including deferrals, property tax exemptions, and annexation tax abatement.

Town of Whitestown

Whitestown Annexation Perry West: Five-year Projection of Revenues and Costs
September 2, 2014

| | Property Tax Revenue | Income Taxes | Other Tax Revenues | Gasoline Tax Revenue | Other Revenue | Total Revenues | Total Minimum Costs | Total Maximum Costs | Projected Revenues over Minimum Costs | Projected Revenues over Maximum Costs |
|--------|----------------------|--------------|--------------------|----------------------|---------------|----------------|---------------------|---------------------|---------------------------------------|---------------------------------------|
| Year 1 | 48,236 | - | 1,762 | 21,637 | 2,763 | 74,398 | 59,519 | 66,958 | 14,880 | 7,440 |
| Year 2 | 96,472 | 35,401 | 3,524 | 22,286 | 2,846 | 160,529 | 128,423 | 144,476 | 32,106 | 16,053 |
| Year 3 | 144,708 | 70,802 | 5,285 | 22,955 | 2,932 | 246,682 | 197,346 | 222,014 | 49,336 | 24,668 |
| Year 4 | 192,945 | 106,204 | 7,047 | 23,643 | 3,019 | 332,858 | 266,287 | 299,572 | 66,572 | 33,286 |
| Year 5 | 198,733 | 141,605 | 7,047 | 24,353 | 3,110 | 374,848 | 299,878 | 337,363 | 74,970 | 37,485 |

NA for this annexation

(1) See Wabash Scientific narrative in the fiscal plan. Maximum costs include a 3% increase annually after year 1 that is subject to the annual budget process.

(2) The property tax revenue is expected to be approved by the DLGF, and is based on current and future projected net assessed valuations of the annexation area. The annexation area properties will have an abatement of property taxes of 75% in year 1, 50% year 2, 25% year 3, and no abatement in year 4 and after.

As the area develops, the Town is expected to request additional adjustments to the property tax levy that is consistent with the Town's tax rate policy, and State law.

(3) CAGIT, and other tax revenues are distributed based on a ratio of property taxes.

(4) Gasoline tax revenue are distributed based on a combination of population and road mileage.

(5) Other revenue are distributed based on a ratio of population.

(6) Property tax revenue is netted against an 8.35% circuit breaker reduction.

Population distributed revenues will not occur until after a special census is certified and received by the Auditor of State's office.

Future annexation adjustments to the property tax levy should be addressed in a subsequent fiscal plan amendment