

**Town of Whitestown, Indiana**

**RESOLUTION NO. 2014-29**

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

**2014 Perry Northwest 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 Northwest Annexation" proposed by Ordinance 2014-13.

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

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Susan Austin, Member

\_\_\_\_\_

\_\_\_\_\_  
Kevin Russell, Member

\_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Amanda Andrews, Clerk-Treasurer  
Town of Whitestown, Indiana

2633827\_2

**EXHIBIT A**

**ANNEXATION FISCAL PLAN - 2014 PERRY NORTHWEST ANNEXATION**

*Whitestown, Indiana*

*Boone County*

*Fiscal Plan:*

# **Perry Northwest 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](http://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*

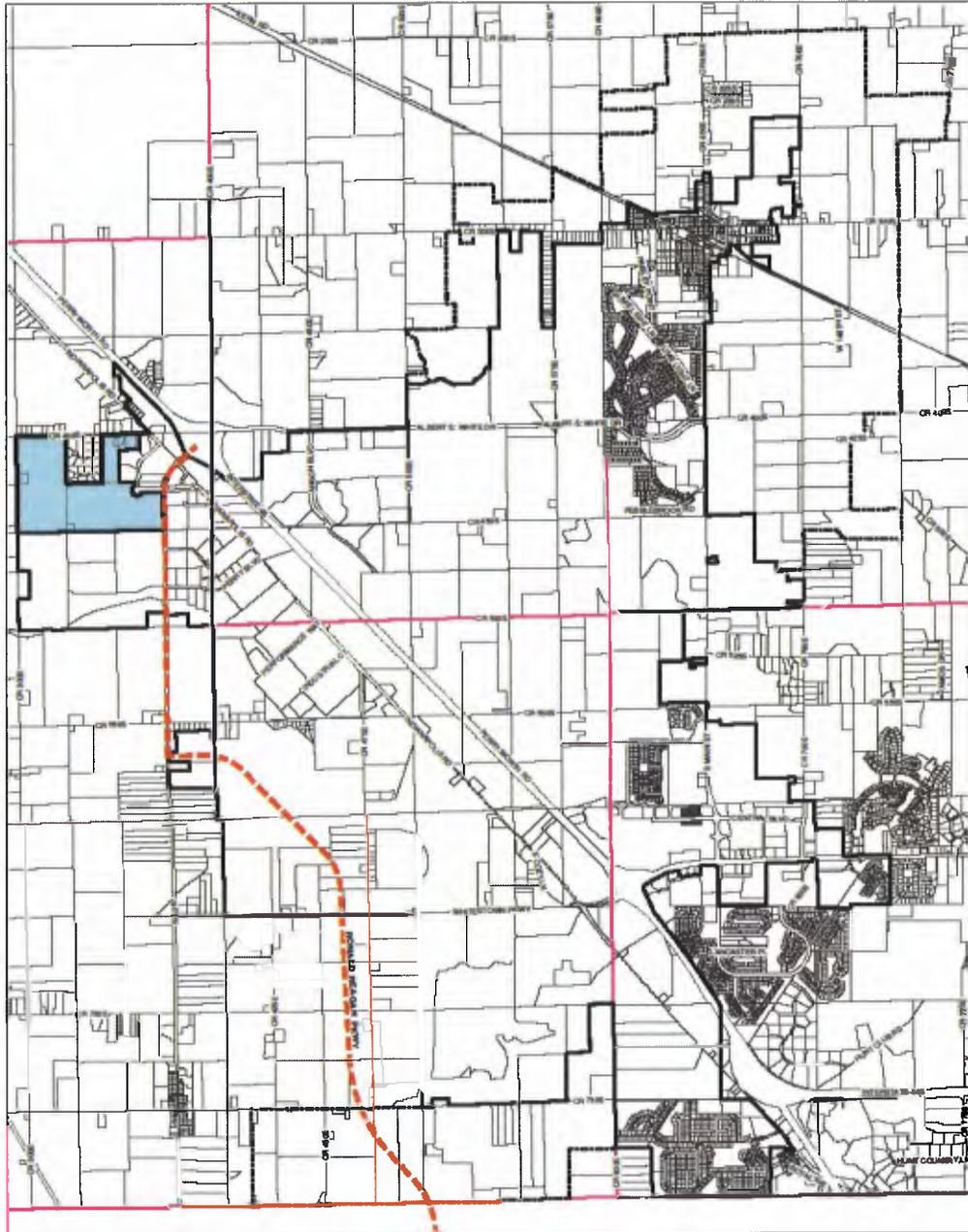
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# Map #1



**2014 Annexation - Perry NW  
Whitestown, Indiana**

**Legend**

- Whitestown Corporate Limit
- Township Boundary
- Parcel Boundary
- 2013 Pending Annexation
- 2014 Perry Northwest Annexation

0      2,500      5,000      10,000  
Scale In Feet  
August, 2014

GRW Engineers, Inc.  
7112 Waldemar Drive  
Indianapolis, IN 46268  
Voice 317.347.3650  
Fax 317.347.3656

## 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:

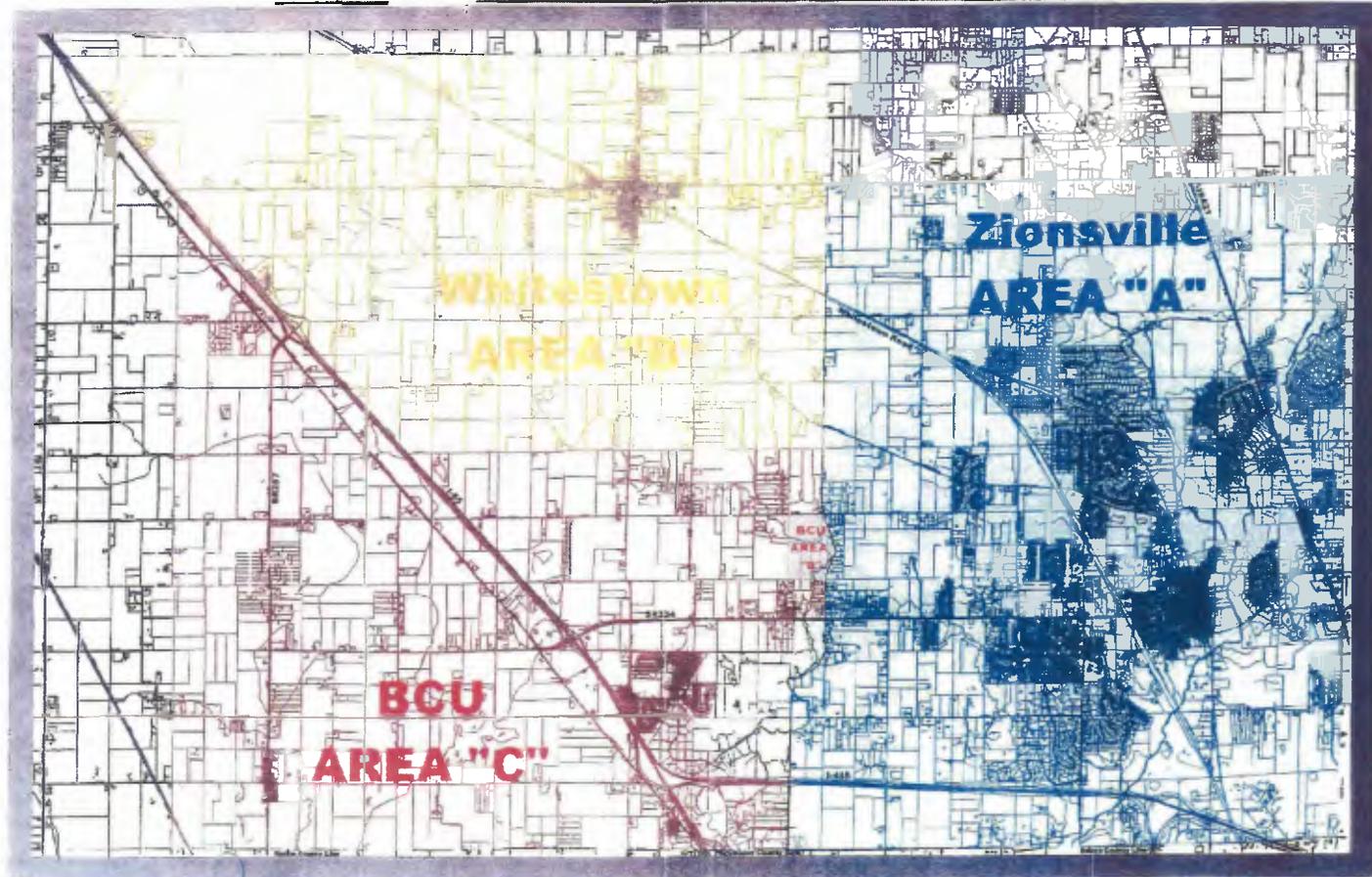
- The Town is located adjacent to the I-65 Corridor and is essentially located at the first two interchanges outside of Marion County/Indianapolis (Exit 130 and Exit 133), making the area highly accessible and highly visible to a high volume of interstate highway traffic.
  - Traffic counts at these 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 #2)
  - 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 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 a substantial amount of the real estate within the WU CTA is owned/options/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

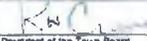
undertaken by the Town as part of the Town's non-capital municipal services.

- 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.

# Map #2

## Exhibit A to the UTILITY SERVICE AREA SETTLEMENT AGREEMENT



Town of Zionsville by:   
President of the Town Board

Town of Whitestown by:   
President of the Town Board

Boone County Utilities, LLC by:   
Managing Member

W-003556

## **General Location of the 'Northwest' Annexation Area**

The Northwest Annexation Area is shown on Map #1, on page 2, and is generally located about a mile west of I-65 Exit 133, providing direct access to SR267, as well as to the future Ronald Reagan Parkway (RRP). The Annexation Area is considered an area which will experience substantial development pressure, due to its proximity to the interstate interchange, as well as to other development and transportation pressures. More specifically, the Annexation Area is located west of Indianapolis Road (as well as SR267) and south of CR400S. The Annexation Area surrounds a developed subdivision, but is generally undeveloped as agricultural land. The Annexation Area is also adjacent to the Town's water tower.

The location of the Annexation Area amplifies the importance of proper infrastructure planning in order to serve future development of the area at a scale which is appropriate to the area. It is noted that the Annexation Area lies within the designated service area of Whitestown Utilities (WU), 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.

Ironically, the Annexation Area is also close enough to the municipal boundaries of the city of Lebanon that annexation by Whitestown is made more complicated, despite Whitestown being the only entity authorized to provide the utility service necessary to fulfill the County's stated economic development objectives. This reality carries specific implications with regard to the best interests of the landowners. For example, despite Lebanon's annexation of areas as far south as Exist 133, Lebanon has asked Whitestown to extend utility services into the areas that Lebanon has annexed because Lebanon cannot provide those utility services.

## **'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.
  - 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 issuing 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 which ostensibly jeopardizes the 'best interests' of landowners in obtaining the highest practical value for their property.
- 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, it was determined that Whitestown is the only viable provider of potable water in the area.
  - 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, including consideration of the needs of the Annexation Area (as part of the corridor)
  - 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 subsequent geotechnical study of water availability in southern Boone County (including the County-designated ED Area) and also concluded that Whitestown was the logical, cost-effective provider of utility services (affirming the prior study by Whitestown).
  - At the same time, no specific provisions were made to address these objective, professional conclusions in terms of providing water utility services to these areas.
  - 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.
  - The issue of 'best interests' of landowners in these areas is thereby brought directly into question due to conflicting priorities of entities which cannot provide potable water in support of future development.
- 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, without addressing the subject directly or in a forthright manner.

- IC 36-1.5 does not mandate the provision of municipal services to 'merged' areas 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-designated utility service areas and how Zionsville could extend municipal services to Perry Township.
  - The 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, especially with regard to future land value.
- Any other provider of utility services in the area would be compelled to duplicate the utility facilities of Whitestown, as well as compensate Whitestown for reduction of value.
- Lebanon has annexed territory to the northeast of Exit 133, however, the City has not provided capital utility services to the annexed area.
  - Those areas annexed by Lebanon do not address the issues of Whitestown's CTA, creating an obvious conflict with regard to provision of utility services to those areas annexed by Lebanon.
  - In addition, provisions of IC 36-4-3 place statutory limitations on a Town from annexation of territory within a mile of the city's corporate boundaries, without regard to potentially conflicting provisions of utility service authority.
  - Lebanon has approached Whitestown to provide utility service to the areas annexed by Lebanon, affirming the public policy contradictions inherent therein.
  - The inherent conflict between these statutory and regulatory provisions places the best interests of landowners at risk, especially with regard to future value of their property.
- 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.
    - Non-cost-effective service providers effectively reduce the value of landowners' interests.
  - 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 residents that require service in the future.
    - This means unnecessarily higher costs to address any malfunctioning septic tanks.
    - This means unnecessarily higher costs to extend municipal water services to any residents with failing wells.
    - This means unnecessarily lower values for undeveloped land which might otherwise be considered for economic development purposes because the most cost-effective utility services are not provided.
    - This means increased development costs for property in the Annexation Area, thus retarding/prolonging development to fulfill the County ED Area's stated intent.
    - This means unnecessarily longer approval times for development, thereby reducing private sector interests and profitability, as well as delaying the

repayment of County TIF debt ostensibly issued for the purpose of stimulating economic development.

- 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 Northwest Annexation Area will result in a single, unified platform to serve the long-term best interests of the landowners. In addition, landowners would reasonably expect to have a democratic voice in this unified platform for providing municipal services.

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 Provides Different Services Than 'Merger'**

Some landowners in Perry Township 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 many areas of 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**

At the core of both IC 36-1.5 and IC 36-4-3 lies the intent to provide efficient and effective local government through the extension of services. However, 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 municipal services, including utilities, IC 36-1.5 leaves many important public policy considerations unaddressed.

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 separate 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 service 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 of such a 'merger' would be the establishment of non-contiguous areas scattered around Perry Township with different municipal services from other, non-contiguous 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. The lack of contiguity means that management of municipal services becomes more difficult and more expensive.

***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 due to contiguity considerations), while other areas are covered by Zionsville Police. In the case of the Northwest Annexation, Zionsville's police are several miles away and would be required to travel through Whitestown to reach an emergency in the Annexation Area.

In addition, the previous 'merger' between Zionsville and Union township resulted in extensive investment in new fire facilities, but none of those new fire facilities are located near the Northwest Annexation Area. In fact, the closest fire protection resources would come from Whitestown. In order to establish equitable fire protection for rural areas of Perry Township, the 'merged' areas of Zionsville would be required to invest heavily in new fire stations, equipment and personnel, again.

Such an increased investment in fire facilities would again appear to be unnecessary when considering that Whitestown's fire department is already closer than any other resources. These considerations once again point to the additional cost of services resulting from any proposed 'merger' with Zionsville, which again, are arguably not in the best interests of the landowners.

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 assessed values of the Northwest Annexation Area 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 in order to provide these services on an equitable basis.

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. This situation has even more bizarre implications.

The county has designated an ED Area that directly impacts the Annexation Area. The ED Area designation means that the assessed value of any development that occurs in the ED Area is to be captured by the County as TIF to repay existing debt. If the new AV is captured as TIF, it cannot be used to pay for the ongoing operational cost of services (police, fire, etc.) to the Annexation Area. Under the revenue construction directly resulting from the County’s ED Area designation, therefore, new development will only result in more TIF revenue, which therefore makes those revenues unavailable for funding services. Whitestown is not burdened by those fiscal complications.

Again, only Whitestown is prepared to extend municipal services on an equitable basis, thereby creating an inherent conflict between 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.

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

The potential for new development in the Northwest Perry Annexation Area carries a potential benefit related to property tax revenues derived from that new development. If IC 36-1.5 is interpreted to somehow 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 interpreted 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.

IC 36-1.5 does not require the extension of municipal services to the entire ‘merger’ area in any fashion that is equitable, equivalent in standard and scope, or provided in the same manner as

they are provided inside the corporate limits of the municipality. 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 contrast, annexation by Whitestown results in provision of municipal services, including police & fire protection and utility service would all 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. ‘Mergers’ in Indiana have not been extensively adjudicated to determine what is actually allowable under the statute.

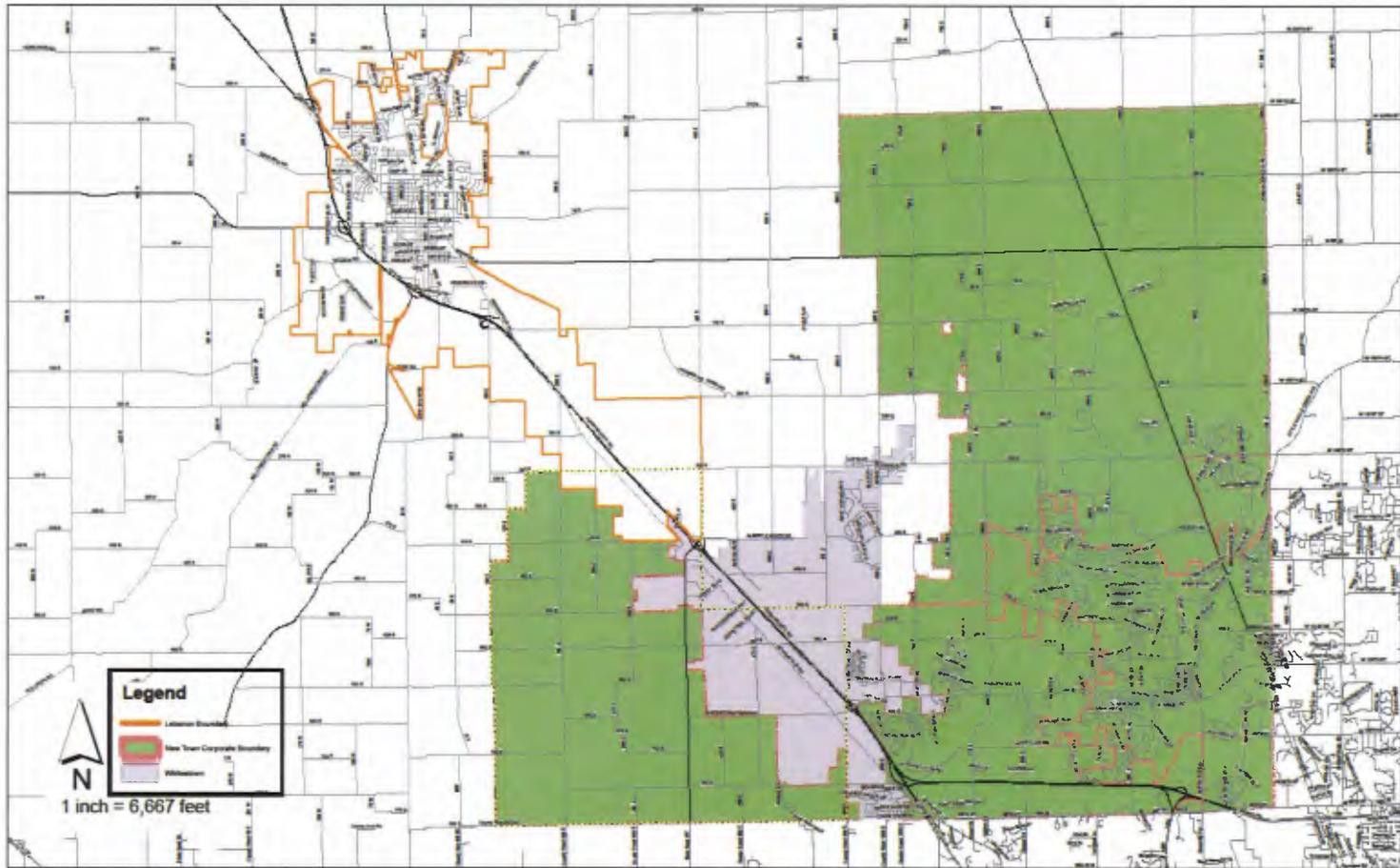
**Annexation by Whitestown is in the Best Interests of Landowners**

It is clear that the statutory provisions of IC 36-4-3 (relative to the proximity of an Annexation Area to the corporate boundaries of a City) make this annexation more complicated. In this case, the Annexation Area lies within the Certificate of Territorial Authority (CTA) of WU which directly conflicts with the IC 36-4-3 provisions relative to annexation by a Town within certain distance of a City. In recent years, the City of Lebanon has aggressively annexed territory south of the core city, but thus far, Lebanon has not extended utilities to those annexed areas.

It would appear to be in the best interest of the landowners in the Northwest Annexation Area to embrace circumstances which enhance the value of their property. The provision of utility service at competitive rates is generally considered to be beneficial to property value. In theory and practice, comparable real estate carries a higher value when expenses such as utility available is 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. In fact, there is evidence that Lebanon cannot provide water service to the area.

As is stated in this Fiscal Plan, the capital cost of utility extensions (sewer and water) are generally expected to be borne by the landowner. The capital cost of bringing utility services from Lebanon or Zionsville to the Northwest Annexation Area are likely to be substantially higher than the cost of extending WU service to the Annexation Area because Whitestown has already extended utility services to areas adjacent to the Annexation Area. It is arguably not in the best interest of landowners to increase the cost of developing their property, therefore, annexation would be in the best interest of the landowners in this case.

# Map #3



In addition, it is submitted that the best interests of landowners is served by the ability to participate in and benefit from the local government which applies most directly to their property and interests. In this case, Whitestown is the only local government entity which can bring together a full range of municipal services to the Annexation Area and thereby assure that local government services are provided equitably. The provisions related to the comprehensive extension of non-capital and capital municipal services from Whitestown – including utilities – under annexation lies in stark contrast with the prevailing policies of providing services by Zionsville, or Lebanon, where services are not extended in the same manner, equivalent in standard, etc., as those services are provided inside the other corporate boundaries of the municipality.

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

Whitestown has been growing quickly, and responsible growth management requires that capital and non-capital extensions of municipal services be carefully planned and executed. Even now, nearby communities are extending their boundaries without concrete capital improvement planning. In some cases, despite annexation, municipalities have no realistic means of providing municipal utilities to newly-annexed areas without significant utility rate increases.

Whitestown is pursuing the Northwest Annexation with the primary intent of establishing a coherent plan for extending utility infrastructure on the most cost-effective basis possible. The Town cannot justify the expenditure of municipal resources on utility services for the Annexation Area if the territory is to be left undeveloped or if the area is to be served by another provider. The Northwest 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. The cost-effective extension of services is directly related to the best interests of landowners.

Conversely, adjacent municipalities would have difficulty in providing utility services to the Northwest 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.

### **Preference for Consent to Annexation by Landowners**

It is noted that the Annexation Area is located within one mile of the corporate boundaries of the City of Lebanon, despite the area being within the utility CTA of WU. For this reason, the Northwest Annexation is being undertaken with a preference that the proposed Annexation receive the consent of landowners in the Annexation Area. Whitestown has successfully engaged such endeavors previously through direct talks with individual landowners. Similar practices are

anticipated in this case.

### **Contiguity**

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

### **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. The Town continues to plan for efficient extension of all municipal 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 is currently less than 60% subdivided and urbanized (based on the number of parcels), in accordance with statute.

### **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 require the delivery of Whitestown Utility services in order for their development proposals to be viable. In the case of the Northwest Annexation Area, the proximity to the I-65 Corridor is amplified by the Area's proximity to Exit 133 which has experienced considerable development in recent years, including the nearby industrial park.

In addition, traffic volumes in the vicinity of the Annexation Area (Exit 133) have increased in the last 10 years, due to new development. 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.

Whitestown has started construction of a new wastewater treatment plant (WWTP) to provide sewer service to the growth area of the Town, including the Annexation Area. The WWTP will

provide additional sewer capacity to serve new developments in the Whitestown Utility CTA, including any developments in the Annexation Area. Whitestown has also constructed a new water tower to provide water volume and pressure to this rapidly developing 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 landowners of the Annexation Area a voice in that process. The Northwest 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.

### **Area Partially Designated for Business Use**

Once again, the conflicts and contradictions of public policy caused by separate and poorly-planned actions by competing parties have created an environment of chaotic public policy. 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 eastern-most portion of the Annexation Area is zoned I-1 for industrial use, however, the remained of the Area is zoned ‘Ag.’

The future development of the Annexation Area is in question, depending upon the government structure that is applied. The area immediately east of the Annexation Area is developed for industrial purposes. The proximity of the Area to Exist 133 would suggest business development as appropriate. The location of SR267 and RRP would also suggest high levels of transportation access which would further support business development.

However in the absence of clear utility service, those business development characteristics become problematic. Neither Lebanon nor Zionsville can provide cost-effective utility service which would support business development.

As such, a strict reading of IC 36-4-3 with regard to *current* “zoning” ignores some very strong developmental characteristics that would tend to suggest the area would develop in the future as business. The only government entity which can complete the development scenario is Whitestown. These contradictions cannot be ignored, and they represent a direct threat to the best interests of the landowners in the Annexation Area because the sum of individual actions over time has resulted in incoherent public policy in this portion of Boone County.

### **Waivers of Remonstrance**

The Town does not intend to require that existing rural development connect to Whitestown Utilities, however, as the utility service configuration for the area is clarified, any utility connection will ultimately require a waiver of the right to remonstrate against annexation. This annexation would accomplish this same end in a slightly different manner.

Similarly, it has been the intent of the Town that municipal utilities would *not* be extended into

areas inside the corporate limits of other municipalities. Therefore, if the Northwest Annexation Area becomes incorporated by another municipality, it is unlikely that Whitestown would extend utility service to the area without specific compensation.

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

### **Town’s Intent to Consider Offering Exemption from Municipal Property Taxes**

Whitestown is currently considering, but has not yet decided, whether to offer an exemption from municipal property taxes under IC 36-4-3. As stated previously, the Town intends to conduct discussions with landowners to determine their preferences with regard to municipal services. The Town is concerned, however, that the potential implementation of this statutory provision must be fair and consistent with the intended development of the Annexation Area, as well as being consistent with the provisions of other Whitestown annexations.

### **Intent to Consider Offering Annexation Tax Abatement Under IC 36-4-3-8.5**

The Town is currently considering the implementation of tax abatement provisions under IC 36-4-3-8.5 for this annexation. The land is currently undeveloped and has no residents. The Annexation Area is adjacent to SR267 and an industrial park lies directly across SR267 from the Annexation Area. In this case, it is considered that annexation tax abatement might be appropriate because it would offer an effective “phase-in” opportunity for the landowners and the Town to cooperatively develop specific plans for delivery of capital sewer and water services to the Annexation Area in direct proportion to whatever development proposal is anticipated by the landowners. Please note, however, that the property tax burden on agricultural land is not terribly high in the first place, so abatement reduces an already-low number, unless the new development is planned to occur soon.

The potential provision of annexation tax abatement (25% payment in year 1; 50% abatement in year 2; 75% payment in year 3 and 100% payment in year 4) would enable the taxation of the property to more closely match the development timeline of construction of Ronald Reagan Parkway (RRP), as well as accommodating any new development of the property. If the property is imminently ready for development, the tax abatement provision would have increased significance. This, too, can be a part of the discussion with landowners.

### **“Needed & Can Be Used”**

The Northwest Annexation Area is ‘needed and can be used by the Town for its development’ at this time. The Town of Whitestown has performed preliminary examination of the Northwest

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 (and landowners' best interests best served) by offering utility service from Whitestown. 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.

The proposed merger between unincorporated Perry Township & Zionsville also necessitates that Whitestown move forward promptly with annexation in order to prevent a 'merger' from moving 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.'
  - Setting the 'merger' proposal aside, these factors all contribute to the premise that the area is needed and can be used by Whitestown for its development in the near future.

IC 36-1.5 is vague to these issues, and Zionsville has apparently chosen to interpret the statute in a manner that pushes complex issues of municipal service to some undetermined future date, despite the obvious importance of these issues 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 Northwest Annexation is consistent with those policies, and further indicates that the area is 'needed and can be used' for the future development of Whitestown.

#### *IURC Approved 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 future water service to the Annexation Area. These investments include an investment in a new water tower located immediately to the east of the Annexation Area which provides water service, as well as water pressure necessary to meet fire emergencies. In addition, WU has constructed water main extensions sized to deliver capacity commensurate with future business development.

In addition, WU has improved/increased the supply of water to the entire WU service area. These capital service expenditures further demonstrate that the Annexation Area is needed and can be used by the Town for its future development.

#### ***TOWN HAS MADE CAPITAL INVESTMENT IN NEW WWTP***

The Town is in the process of constructing a new wastewater treatment plant (WWTP), 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).

These considerations all clearly demonstrate that the Annexation Area is needed and can be used by Whitestown for its development, and that municipal services are already being extended.

#### *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 Exit 133, as well as Indianapolis Road, as well as being adjacent to the future Ronald Reagan Parkway (RRP) corridor. In recent years, the land west of Exit 133 has developed rapidly, with a broad range of uses. Exit 133 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, as well as increasingly intense capital services. These circumstances clearly suggest that the Annexation Area is 'needed and can be used,' for development in the near future.

#### *Extension of the Ronald Reagan Parkway (RRP)*

The route of the RRP is projected to be constructed adjacent to 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 traffic congestion of I-465. It is therefore projected that RRP traffic increases will be substantial when the corridor is complete, and those traffic increases will demand capital municipal services in 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 in the southern part of Whitestown, 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 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 Northwest Annexation Area will become eligible to vote for municipal officers, including the Clerk Treasurer, Town Council, etc., 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. Due to the configuration of the Northwest Annexation Area, the small 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 Northwest 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 Northwest 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 Northwest 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 Northwest 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 Northwest 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 Northwest 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, for obvious geographic reasons.

Both 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 Northwest 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.

The Town has already developed a fire station at the northern end of Town. This station provides the closest facility and the fastest response time for fire emergencies in the Annexation Area. This station is fully developed and operational and can easily provide fire service to the Annexation Area.

At this time, the Town is also 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.

*Fire services will be afforded to the residents of the Northwest 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. The Town Manager is currently exploring the matter of extending street department services to the Northwest Annexation Area under the proposed statutory provisions, including potential deferrals of the effective date, annexation property tax abatement, and 10-year agricultural tax exemption.

Note that Whitestown has already invested in many of the non-capital street services that affect the Annexation Area. For example, amendments to the alignment of Indianapolis Road, necessary to accommodate a range of developmental pressures, have been undertaken in order to provide for optimal traffic efficiency in the Exit 133 Area, immediately to the east.

*Municipal street department non-capital services will be afforded to the residents of the Northwest 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 Northwest Annexation Area) have not yet achieved sufficient uniformity to provide service throughout the Annexation Area. For example, water line extensions necessary to provide enhanced water service to the Valenti-Held industrial park have been planned, designed and installed. In this case, the landowner was eager to proceed with development. Other tracts of land have access to these service extensions, because they have been sized to meet future capacity demands.

Generally, all new development in the Northwest Annexation Area is projected to be afforded water service by the 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 Northwest Annexation Area.

1. 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. However, 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.
2. 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.
3. 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.
4. The proximity of the Annexation Area to the boundaries of Lebanon is a statutory issue under IC 36-4-3, however, the practical circumstances of this annexation creates substantial question as to the comparative ability of Lebanon to extend water utility services to the Northwest Annexation Area.
  - a. There is substantial question as to the water volume/capacity of the Lebanon water utility.

- 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.

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 sewage treatment plant expansion serving a portion of the Northwest 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. There are several important premises for understanding the town's intent with regard to providing sewer utility services to the Northwest Annexation Area.

1. 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 the 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.
2. 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.
3. 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.
4. The proximity of the Annexation Area to the boundaries of Lebanon is a statutory issue under IC 36-4-3, however, the practical circumstances of this annexation creates substantial question as to the comparative ability of Lebanon to extend water utility services to the Northwest Annexation Area.

- a. There is substantial question as to the water volume/capacity of the Lebanon water utility.
- 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.

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 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 remonstrance against annexation. 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.

#### ***WHITESTOWN REDEVELOPMENT COMMISSION (WRC)***

There are no areas within the Northwest 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 Northwest Annexation Area which might require designation of an ED Area.

#### ***County & Town Have Already Designated ED Areas Nearby***

It is noted that Boone County has designated an ED Area a mile south of the Annexation Area, with the stated intent of promoting economic development which substantially covers the Annexation Area. The route of Ronal Reagan Parkway/SR267 will directly serve the ED Area.

In addition, the Town has designated an ED area immediately east of the Annexation Area. Therefore there is potential for expanding an existing ED Area, or creating a new ED Area when such discussions become appropriate.

*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 Northwest 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 Northwest 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.)

#### ***Capital Services To a Designated ED Area***

It is noted that the County-designated ED Area is very likely to require capital services, as stated many times above, in order to support and fulfill the ED Area designation. An ED area lies immediately east of the Annexation Area.

#### ***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.

It is noted that a number of highway improvements have been undertaken in the vicinity of Exit 133 which directly benefit the Annexation Area. These improvements were coordinated through a cooperative arrangement between the Town and Valenti-Held, as well as other authorities. These improvements demonstrate that the Town is already providing capital street services in the vicinity of the Annexation Area and that extension of those services can be accomplished with nominal effort.

This does not necessarily mean that road reconstruction in the Annexation Area 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 Northwest 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***

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.

At this time, capital water services are already available for extension to the Annexation Area, due to existing services provided to the industrial park located immediately east.

### ***Results of Geotechnical Studies Related to Water Supply***

The results of two separate geotechnical studies have both concluded that Whitestown is the best and most cost-effective source of water service to southern Boone County, including the Annexation Area.

### ***Capital Water Services from Lebanon***

As stated under “Non-Capital Services” the proximity of the Annexation Area to the corporate limits of Lebanon creates a complication relative to this annexation. IC 36-4-3 limits the ability of a Town to annex areas in close proximity to city boundaries. As such, this Fiscal Plan is compelled to address the issue of the best interests of the landowners in the Annexation Area. 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.

#### *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 Northwest Annexation Area can be extended by WU from existing service provided to the industrial park. Generally, the Northwest Annexation Area has access to nearby interceptor sewers and/or collection sewers, which could be reasonably extended into the Annexation Area, if/when desired. 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.

#### *Sewer Services from Lebanon*

As stated under “Non-Capital Services” the proximity of the Annexation Area to the corporate limits of Lebanon creates a complication relative to this annexation. IC 36-4-3 limits the ability of a Town to annex areas in close proximity to city boundaries. As such, this Fiscal Plan is compelled to address the issue of the best interests of the landowners in the Annexation Area. 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 Sewer Services from Zionsville*

It is currently unclear precisely how a Zionsville ‘merger’ would affect capital sewer service from Zionsville. It is unclear whether Zionsville owns and controls sewer utility service throughout its incorporated area (including the ‘merger’ area with Union Township). Based on initial review, portions of Zionsville appear to receive sewer services from at least one other utility service provider. In addition, previous ‘merger’ provisions did not include capital sewer service to the ‘rural’ areas of the townships merged.

These provisions should be carefully compared to the capital sewer 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 DRAINAGE SERVICES***

It is important to note that the Town of Whitestown does not provide “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’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, the 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 development’s homeowners’ association 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 the purchasers in the price of their parcel. Based on this definition, the Town of Whitestown already provides the Annexation Area with capital drainage services in the form of development standards, and thus in the same manner as those services are provided to the property within the corporate limits.

### **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 NW: 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	2,292	-	84	1,787	96	4,259	3,407	3,833	852	426
Year 2	4,584	1,682	167	1,841	99	8,373	6,699	7,536	1,675	837
Year 3	6,876	3,364	251	1,896	102	12,489	9,992	11,241	2,498	1,249
Year 4	9,168	5,046	335	1,953	105	16,607	13,286	14,947	3,321	1,661
Year 5	9,443	6,729	335	2,012	108	18,626	14,901	16,764	3,725	1,863

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