

**Town of Whitestown, Indiana**

**RESOLUTION NO. 2014-30**

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

**2014 South 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 South Annexation" proposed by Ordinance 2014-14.

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

PASSED the \_\_\_\_ day of \_\_\_\_\_ 2014.

THE TOWN COUNCIL OF THE TOWN  
OF WHITESTOWN, INDIANA

YAY/NAY

\_\_\_\_\_  
Eric Miller, President

\_\_\_\_\_  
Julie Whitman, Vice President

\_\_\_\_\_  
Dawn Semmler, Member

\_\_\_\_\_  
Susan Austin, Member

\_\_\_\_\_

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

\_\_\_\_\_

**ATTEST:**

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

2633828\_2

**EXHIBIT A**

**ANNEXATION FISCAL PLAN – 2014 SOUTH ANNEXATION**

*Whitestown, Indiana*

*Boone County*

*Fiscal Plan:*  
**South Annexation Area**

*The Fiscal Plan may be reviewed in the offices of the Town Manager 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*

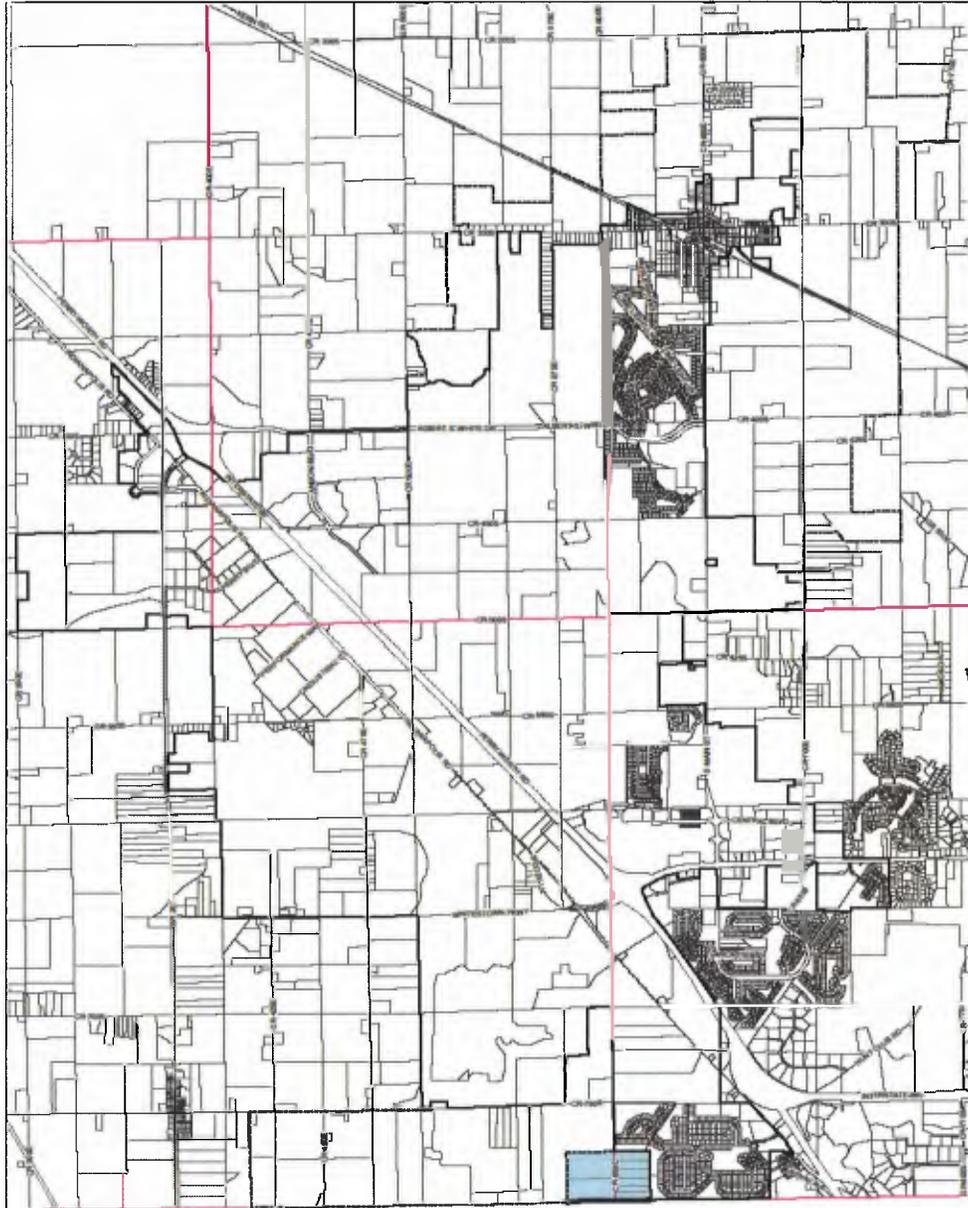
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Map #1



**2014 Annexation - South Whitestown, Indiana**

**Legend**

- Whitestown Corporate Limit
- Township Boundary
- Parcel Boundary
- 2013 Pending Annexation
- 2014 South Annexation

Scale In Feet: 0, 2,500, 5,000, 10,000

Printed: April 25, 2014

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*Engineers - Architects - Planners*

## Annexation Background

The Town of Whitestown has experienced extraordinary growth in recent years for a number of reasons, briefly summarized as follows:

- 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.
  - The Whitestown area is among the highest visibility areas of Indiana from the perspective of traffic and passengers.
- The Town purchased the bankrupt Boone Utilities (BCU) 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 entitled “Utility Service Area Settlement Agreement”)
  - 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.
  - The Annexation Area lies within the CTA of BCU.
- 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, located along the I-65 Corridor (north of the Annexation Area).
- None of this private-sector economic development can occur without the utility support provided by Whitestown Utilities.
- In order for growth to be adequately managed and controlled, extensive utility planning must be undertaken by the Town.
  - Utility planning serves the entire community by controlling utility rates which affect all utility customers (including those located outside of developer real estate).
  - Whitestown has provided non-capital utility services by planning for and preliminarily designing utility service to the Annexation Area.
    - This includes increasing the volume of water available for consumption and fire protection.
    - This includes construction of water storage facilities necessary to afford water pressure to meet the needs of new and existing development.
    - This includes construction of a new WWTP to serve new and existing development, and which is located near the Annexation Area.
- 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.
  - Whitestown has undertaken the non-capital services of planning for and preliminarily designing a series of transportation improvements in the vicinity of the Annexation Area for the express purpose of meeting increased traffic demands.
    - Whitestown has received MPO approval of funding for a major intersection improvement north of the Annexation Area.
    - Whitestown also provides road maintenance in the immediate vicinity of the Annexation Area.

- 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.
  - 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 of RRP 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, including the Annexation Area.
- In order to properly coordinate utility planning and control development in a manner that controls utility rates, the Town of Whitestown must consider annexation as a method for addressing the municipal services demands inherent in economic growth.

## **General Description of the 'South' Annexation Area**

The South Annexation Area is shown on Map #1, above, and is generally located along CR600E in Boone County immediately north of the Boone/Hendricks County Line. The Annexation Area straddles the boundary between Perry and Eagle Townships and represents something akin to a non-contiguous 'remnant' or 'leftover' of larger public policy issues which have left the South Annexation Area with no coherent source of services.

The portion of the Annexation Area in Eagle Township is alleged to receive 'rural' services by Zionsville as a result of the 'merger' between Zionsville and Eagle Township. The portion of the Annexation Area located in Perry Township is now included in a proposed 'merger' between Zionsville and Perry Township. The Annexation Area is non-contiguous with Zionsville and has no possibility of achieving contiguity. The lack of contiguity causes an unnecessary increase in the cost of providing services to the Annexation Area, if/when such services are provided. Whitestown is the only realistic or cost-effective provider of services to the Annexation Area.

The Annexation Area is zoned "Ag" and is generally developed in a rural development pattern and intensity, with some rural residential parcels, and some agricultural land. The purpose of this annexation is to enable Whitestown to include this territory in its long-term planning for utilities, transportation and future development. The Annexation Area is within the CTA for Whitestown Utilities. (see map entitled "Utility Service Area Settlement Agreement")

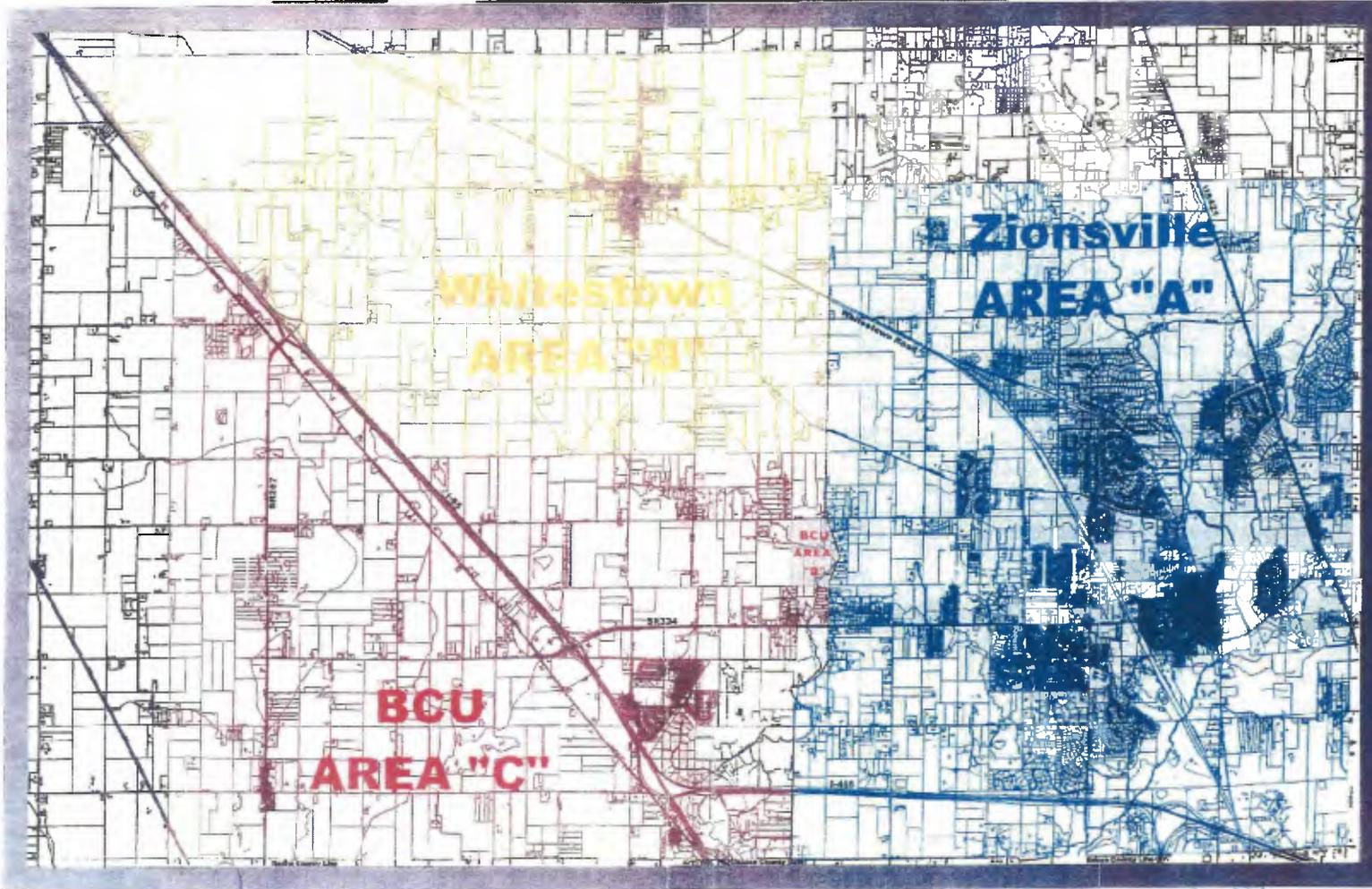
## **Contiguity, Population Density & 60% Subdivided**

The South Annexation Area is more than 25% contiguous to Whitestown. The population density of the annexation area is less than 3.0 persons per acre. The Annexation Area is currently approximately 60% subdivided and urbanized, in accordance with statute, at this time.

## **Area Not Zoned for Business Use**

At this time, the South Annexation Area is not zoned for business use.

**Exhibit A to the UTILITY SERVICE AREA SETTLEMENT AGREEMENT**



Town of Zionsville by: *KWC*  
President of the Town Board

Town of Whitestown by: *Jim Marshall*  
President of the Town Board

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

W-003556

## 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 work to plan for efficient extension of services to meet its growth demands. 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.

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

A fair analysis of the ‘best interests’ of the Area landowners (IC 36-4-3-13) is made more complicated by a series of incremental, conflicting and competing interests relative to the future development of the area. In fact, Zionsville has proposed a ‘government modernization’ (aka ‘merger’) with unincorporated Perry Township under IC 36-1.5, and this proposed ‘merger’ lies in direct contrast to this proposed annexation. 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).
  - In addition, the CTA responsibility of WU has resulted in the provision of non-capital and capital utility services already being provided to the residential development located immediately east of the Annexation Area, where sewer and water facilities were planned, designed and constructed to serve the development.
  - Whitestown has also invested in the non-capital and capital utility services necessary to increase water capacity and pressure, to serve undeveloped areas.
- 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 Zionsville ‘merger.’
- In a previous action, adjudicated by the Indiana Supreme Court, Boone County designated an Economic Development Area (ED Area) located between SR267 and I-65 (including the South Annexation Area).

- The ED Area designation was made for the express purpose of stimulating economic development in the ED Area (including the Annexation Area).
- The County also undertook the issuance of debt ostensibly to be repaid from tax increment generated as a result of new economic and business development in the ED Area.
- The ED Plan accompanying the County's ED Area designation proposes no alternative provider of utility service to the ED Area other than Whitestown.
- In effect, no reasonable economic development can occur within the ED Area without provision of municipal utility services.
- In effect, the County's designation of an ED Area (which includes the Annexation Area) cannot be realized through 'merger' with Zionsville.
- The Zionsville merger (see Map #3) indirectly suggests that the Annexation Area would receive municipal services from Zionsville.
  - IC 36-1.5 does not mandate the provision of municipal services at the same level of specificity as IC 36-4-3 (annexation), thus creating conflicting service policies between the two statutes.
    - In fact, under IC 36-1.5, Zionsville had previously chosen to designate certain areas as 'rural' and stipulated that those areas would not receive municipal services from the Town.
      - Road maintenance and police services were designated to come from Boone County.
      - At the same time other areas designated as 'rural,' continue to receive utility services from Whitestown.
      - During the winter of 2014, the County's road maintenance services were publicly deemed to be inadequate to meet the needs of the area.
    - As such, the 'merger's' incapacity to effectively address utility services represents a potentially fatal flaw of any 'merger' proposition.
  - An inherent contradiction exists with regard to critical utility services under the provisions of IC 36-1.5.
    - Neither Zionsville's capacity nor authority for providing sewer and water utilities to the Annexation Area has 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 cost-effectively extend municipal services to the Annexation Area.
    - 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 The Annexation Area.
  - At the same time, annexation under IC 36-4-3-13 stipulates that ALL non-capital and capital municipal services be extended on an equitable basis, thus preventing disparate designations as are apparently allowed by IC 36-1.5.
  - There is no specific requirement of consideration of the best interests of landowners contained in IC 36-.15, while consideration of best interests is specifically provided in IC 36-4-3-13.
    - The 'best interest' consideration could arguably be included in the voting process to affirm a 'merger,' however, in this case the best interests of the property owners of the South Annexation Area could easily be swallowed by the larger population of the entirety of unincorporated Perry Township.
    - Again, in the case of IC 36-4-3-13, landowners can specifically remonstrate against this annexation and thereby force Whitestown to prove that the annexation is in the best interests of the landowners at the remonstrance hearing.
    - These considerations, applied to this specific annexation, would arguably render the annexation proposal far more capable of addressing the specific best interests of the Annexation Area.
  - The 'merger' studies did/have not seriously consider the creation of 'non-contiguous

remnants' of area which are disconnected from the core areas of the townships, and the result of this failure is that certain areas cannot be cost-effectively provided certain government services.

- The voting process places small, non-contiguous areas in an area of marginal relevance, because the area does not have enough votes to affect the outcome of the proposed 'mergers.'
  - As a result of the juxtaposition of public policy generalities versus the specific circumstances of the non-contiguous remnant, the remnant has no realistic or cost-effective means of obtaining important services.
  - At this point, services from any other service provider must actually pass through Whitestown in order to provide those services.
  - Whitestown proposes this annexation as the only realistic and cost-effective provider of municipal services to the Area.
- 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 Annexation Area (as designated by the IURC).
    - Setting political considerations of the merger aside, Whitestown is the only realistic, cost-effective provider of utility services to the Annexation Area (any other alternative would require replication of existing facilities).
      - This functional purpose represents the express public policy reason for the IURC to establish Certificates of Territorial Authority.
    - Setting political considerations aside, the County's designation of an ED Area without an alternative provider of utility services becomes self-contradictory and mutually exclusive.
      - Designation of an ED Area for economic development purposes (as well as issuing public debt to that end) cannot reasonably be reconciled with a subsequent public designation which arguably deprives the ED Area of the utility service which is necessary to support the stated intent of economic development.
    - Any utility service alternative other than Whitestown will likely result in unnecessarily high utility rates which would unnecessarily constrain future economic development for the Annexation Area.
      - This means unnecessarily higher utility rates for existing Annexation Area residents and businesses.
      - This means unnecessarily lower values for undeveloped land which might otherwise be considered for economic development purposes, if the Annexation Area parcels are required to obtain utility service from an entity other than WU.
      - Lower development intensities resulting from inadequate utility service means fewer new jobs created.
      - 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.
      - This raises questions as to potential claims of lost value by WU and others resulting from the failure of the 'merger' to address utility service issues.

The proposed annexation represents a viable alternative to resolve the broad range of conflicting and competing interests of multiple parties, including Boone County and the Town of Zionsville. Annexation of the South Annexation Area will result in a single, unified platform to serve the long-term best interests of the landowners. Whitestown is arguably the only cost-effective 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.

Moreover, in this case, the ‘best interests’ provisions of IC 36-4-3-13 are clearly required to address the best interests of landowners, while IC 36-1.5 fails to adequately accommodate the best interests of landowners. It is asserted, therefore, that it is in the best interests of landowners to be annexed by Whitestown in order to be able to connect to Whitestown Utilities, which have already been constructed and are available for immediate connection.

Conversely, with regard to the best interests of landowners, it is fair and reasonable to pose the question that, in the absence of annexation, what other entity can provide cost-effective services to this non-contiguous remnant area?

### **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**

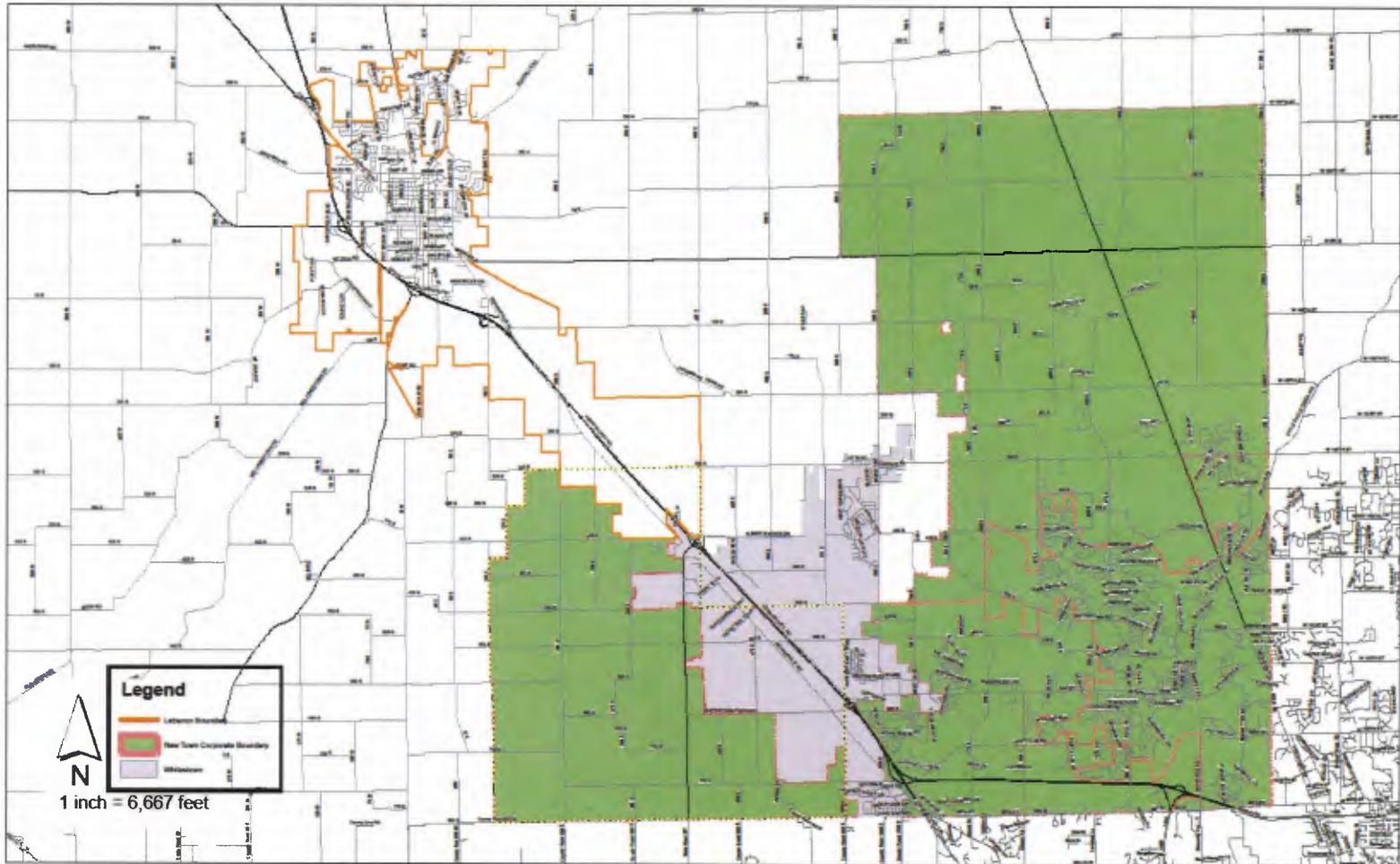
At the core of both IC 36-1.5 and IC 36-4-3 lies the intent to provide efficient and effective local government through the extension of services. However, disparities between the statutes governing annexation versus ‘merger’ (aka ‘government modernization’) employ vastly different statutory parameters 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. Conversely, IC 36-4-3 mandates that those considerations be made.

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

# Map #3



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 protection. 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 South 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 South Annexation Area. 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. The fiscal considerations related to public safety services must be addressed under IC 36-4-3-13, however IC 36-1.5 is far less specific.

An increased investment in fire facilities would again appear to be unnecessary when considering that Whitestown's fire department is likely 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.

***OFFER TO WORK COOPERATIVELY WITH PERRY TOWNSHIP FIRE***

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

These considerations present a cascading series of public policy problems which a

Zionsville/Perry Township merger has thus far failed to address. On its most basic level, there are two major considerations with regard to providing police and fire protection to Perry Township under a merger scenario.

First, the ability to pay for public safety services depends heavily upon property taxes and assessed value. The current development patterns and assessed values of the South 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 with regard to any 'merger' proposal.

The County has designated an ED Area that includes the Annexation Area. The ED Area designation means that the increased assessed value of any economic 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 public safety 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 South Annexation Area carries a potential benefit related to property tax revenues derived from that new development. If provisions of IC 36-1.5 allow non-contiguous 'mergers,' while also failing to address utility services, police service, fire services, street services, etc., there is the potential to separate property tax revenues from the cost of those services.

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

It is further noted that, 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.

Annexation by Whitestown results in a guarantee of provision of ALL municipal services, including police & fire protection and utility service, in accordance with IC 36-4-3. 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 is Being Proposed in Order  
to Plan & Provide Utility Services**

Whitestown has been growing at a brisk pace, despite the economic recession, however, responsible growth management requires that capital extension 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. However, history has demonstrated that proper and adequate capital improvement planning is necessary to control utility rates, which have a significant impact on residents and landowners.

Whitestown is pursuing the South Annexation with the primary intent of establishing a coherent plan for extending utility infrastructure on the most cost-effective basis possible. These non-capital municipal services of Whitestown create distinct value for the Area landowners. The Town cannot justify the expenditure of municipal resources on planning and development for the Annexation Area if the territory is to be left undeveloped. The South Annexation Area is immediately adjacent to the current Whitestown municipal boundary, and would represent only a nominal extension of Whitestown utility infrastructure, if those capital services are effectively planned. In the absence of the non-capital municipal services of utility planning, it is likely that any future extensions of municipal utilities will be more expensive to Area landowners.

Conversely, adjacent municipalities (such as Zionsville) would arguably have difficulty in providing utility services to the South Annexation Area at a cost competitive with Whitestown. In order to provide utility services to the Annexation Area, Zionsville would be required to address Whitestown's CTA; run utilities through Whitestown corporate limits; and also duplicate a substantial amount of existing Whitestown utility infrastructure. In fact, Zionsville has made no such proposal, and it is unclear whether Zionsville has the capacity or authority to do so.

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. This same argument places the County's ED Area designation in jeopardy. Without adequate utility services, economic development is constrained, and therefore, the County's stated economic development purpose is defeated.

During the annexation process, current landowners will be afforded the opportunity to consider these issues from the perspective of competing proposals, and decide which alternative is in the best interests of the landowners, themselves. Whitestown is prepared to engage in that discussion with the landowners.

### **Developmental Intensity Has Increased**

This Fiscal Plan expressly notes that the area along the I-65 corridor is under extreme development pressure from a broad range of developers, including residential, commercial and industrial development, and these developers are expecting the delivery of Whitestown Utility services in order for their development proposals to be viable.

With specific regard to this Annexation Area, the Eagle's Nest development, located immediately to the east, has experienced significant new development in the last 3-5 years, which has increased traffic volumes on roadways in the vicinity of the Annexation Area, which is also projected to demand investment in roadway infrastructure in the near future. Eagle's Nest is, in fact, developing new areas which are adjacent to the Annexation Area, and this development includes utility extensions by Whitestown.

The previous and ongoing developments along I-65, as well as in the vicinity of the Annexation Area, include multi-density residential development, as well as high-intensity commercial/industrial development, substantially increasing the development density and urbanization of the general area, both now and in the reasonably near future, as these developments are built-out. Increased developmental intensity will predictably increase the demand for municipal services as the vicinity of the annexation territory becomes more urbanized. Whitestown is preparing to increase and extend its municipal services in a planned and managed fashion as this development takes place.

It is also noted that there are two additional stimuli for development in and near the Annexation

Area. Immediately to the west of the Annexation Area, the Ronald Reagan Parkway (RRP) is planned. Segments of the RRP south of the Boone County Line are currently in planning or being constructed. Boone County officials have stated that the Boone County segments of the RRP are anticipated to be funded in 2019/20, with construction soon thereafter. In addition, Whitestown has received approval to construct a new wastewater treatment plant (WWTP) to provide sewer service to the growth area of the Town, including the Annexation Area. The WWTP site is located along CR750S, about a mile west of the Annexation Area.

Both of these projects are projected to increase development pressure on the Annexation Area, as well as increasing traffic levels and demand for highway maintenance. These increased pressures will have an impact on the quality of life in the Annexation Area, and this proposed annexation is intended to afford the residents of the Annexation Area a voice in that process. The South 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.

### **Waivers of Remonstrance**

The Town does not intend to require that existing rural development connect to Whitestown Utilities immediately, however, as the area becomes increasingly urbanized, it is possible that existing residences on wells and septic tanks will request to be connected to Whitestown Utilities. It has been Whitestown's policy that any utility extension be covered by waivers of remonstrance. 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 South Annexation Area becomes incorporated by another municipality, it is unlikely that Whitestown would extend utility service to the area. Whitestown will seek to determine the preferences of landowners in the South Annexation Area with regard to municipal services (including utilities), as well as the terms and conditions under which the area will be annexed.

### **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. 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 Area, as well as nearby parcels. 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 South 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 South Annexation Area and has preliminarily determined that the area can be cost-effectively served by Whitestown Utilities, with appropriate planning. Inasmuch as the cost of utility service from other utility providers would likely be higher than the cost of extending utility service by Whitestown, the value of land in the Annexation Area would be best preserved by offering utility service from Whitestown. The Town is operating under the reasonable presumption that the lowest cost of providing utility services would generate the highest residual value of land for development purposes.

#### *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 South Annexation is consistent with those policies.

#### *Town Established Utility Service Area*

The Town of Whitestown purchased the assets of the bankrupt Boone Utilities, including its utility service area jurisdiction.

#### *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.

#### *Development Pressures in the Immediate Area*

The Annexation Area is adjacent to Eagle's Nest, an approved subdivision located immediately to the east of the Annexation Area. In recent years, Eagle's Nest has developed rapidly, despite the national real estate recession, indicating a strong development location. As new development occurs in the immediate area, the Town is prepared to provide the planning and management necessary to manage growth and assure high-quality development. These circumstances clearly suggest that the Annexation Area is 'needed and can be used,' for development in the near future.

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

The route of the RRP is projected to be constructed about a mile to the west of the Annexation Area. The RRP will connect I-65 at Exit 133 with I-70 in the vicinity of the Indianapolis International Airport. Boone County officials have testified under oath that they anticipate the funding for the Boone County segments of the RRP to be available in 2019-20, with construction to begin thereafter. The advent of roadway construction, as well as the presence of a major highway connecting I-65 to I-70 with less traffic congestion on the I-465 loop presents a major new developmental influence on 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 within a mile of the Annexation Area. The proximity of the Annexation Area to the interceptor sewers and other infrastructure located along CR750S has the potential to afford lower cost of sewer service to the Annexation Area, including the development of new residential subdivisions. The proximity of the WWTP to the Annexation Area is further evidence that the area is 'needed and can be used' for the Town's development in the reasonably near future.

### **Plan to Provide Municipal Services**

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

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

### *Providing All Non-Capital Municipal Services*

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

### *MUNICIPAL ELECTIONS*

Residents of the South 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. While the cost of additional administrative services are not yet completely known, the Town Council suggests that the increasing administrative duties of municipal government due to the growth of the Town is allocable to new development, in part, and partially allocable to this annexation. Due to the configuration of the South 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 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 South 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.

*Services of the Town Administration are already available to the residents of the South Annexation Area and those 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, per se. 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 South 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 South 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.

After 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 court case load, and the cost of operating the Town Court. The Town will continue to work directly with the Town Judge to determine a court budget, however, research with comparable courts has indicated that the increased case load should also result in increased revenues from fines and court costs, with the Town Court ultimately paying for its operations through the Court's internal revenues. As Whitestown Police begin to write traffic tickets in the annexation area, the services of the Town Court will be extended into the annexation area.

*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 (WPD) 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. Also, please note that WPD currently patrols the adjacent area, including Eagle's Next and is often the first responder to emergencies, due to geographic proximity.

The annexation of the South Annexation Area is not anticipated to require the addition of new police officers. The size and scope of existing development (outside of the Annexation Area) is already embraced and accommodated by the Town Council, and the resources necessary to provide municipal police service have grown, as well. Inasmuch as the police department resources are growing with new development, it is projected that the existing levels of development in the South Annexation Area will not generate a need to add full-time police officers to the Town. Instead, any need for additional patrols in the Annexation Area is projected

to be met through increased/improved efficiencies, as well as by using reserve officers, and by re-designing patrol routes to existing officers, after the annexation becomes effective.

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, including those areas designated as 'rural' under Zionsville's proposed 'merger.'

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

### ***FIRE DEPARTMENT***

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

At this time, the Town is 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.

### ***OFFER TO WORK COOPERATIVELY WITH PERRY TOWNSHIP FIRE***

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

*Fire services will be afforded to the residents of the South 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 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 South Annexation Area under the proposed statutory provisions, including potential deferrals of the effective date, annexation property tax abatement, and 10-year agricultural tax exemption. Accommodation of the extension of municipal services under these statutory circumstances must be carefully considered prior to making fiscal plan commitments. However, it is noted that Whitestown is already responsible for capital and non-capital street services for CR750 as a result of a previous annexation.

***Winter of 2014 Provided a Direct Comparison Between Whitestown Street Services and Other Street Service Providers***

Various roadways within the designated ‘rural’ area of Zionsville are designated to be maintained by the Boone County Highway Department. During the winter of 2013, road maintenance services provided by Boone County were proven to be functionally inadequate. Various roads in the ‘rural’ areas of Zionsville (which are the responsibility of Boone County Highways) did not receive adequate snow removal services, and as a result, Zionsville Schools and bus routes were left vulnerable to being open. Whitestown generously filled the non-capital service gap and rectified the situation.

*Municipal street department (Non-Capital) services will be afforded to the residents of the South 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***

The Town of Whitestown previously acquired the bankrupt Boone Utilities, including the utility service area of Boone Utilities, and re-named the organization “Whitestown Utilities,” which has been organized as a municipal department. 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 South Annexation Area) has not yet achieved sufficient uniformity to provide service throughout the Annexation Area.

Generally, all new development in the South Annexation Area is projected to be afforded water service by the Whitestown Utilities (WU), and provision of water service 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 South 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)
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. WU has already provided the non-capital and capital water services for a project on Indianapolis Road – directly serving the Annexation Area – making water capacity and water infrastructure available to the Annexation Area for the purpose of serving existing and future development in the Annexation Area.

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. Residents of the Annexation Area should not expect to be allowed to connect to WU facilities without annexation. If the residents successfully remonstrate against this proposed annexation, no utility service is anticipated to be offered. As such, if this annexation is not successful, any future utility connection will require annexation as a condition of extension of service.

*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 South 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 to Whitestown.

There are three important premises for understanding the town's intent with regard to providing sewer utility services to the South 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)
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.

Residents of the Annexation Area should not expect to be allowed to connect to WU facilities without annexation. If the residents successfully remonstrate against this proposed annexation, no utility service is anticipated to be offered without equitable cost allocation. As such, if this annexation is not successful, any future utility connection will require annexation as a condition of extension of service.

New development in Whitestown is 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 South 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 South Annexation Area which might require designation of an ED Area.

#### ***Boone County Has Already Designated An ED Area***

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

County undertook in establishing the ED Area represent additional complications which must be considered by Whitestown, in the event that a Town ED Area is to be considered.

*On the effective date of the annexation, the WRC can consider any request to designate an economic development area or redevelopment area within the annexation area under Indiana law, for the purposes of promoting economic development in the South 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 All Capital Municipal Services***

*All capital services of the Town of Whitestown will be extended to the South 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.*

IC36-4-3-13 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 of annexation.) The effective date of annexation is projected to be between January 1, 2015 and June 1, 2015.

#### ***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 Whitestown already provides capital street services for Indianapolis Road and for CR750, which afford the primary transportation corridors for the Annexation Area.

This does not necessarily mean that road reconstruction will begin in 2018. 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 2018 for initial capital expenditures in 2019 or thereafter. 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 South 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 many 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 another 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.

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

### ***CAPITAL SEWER SERVICE BY WU***

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

### ***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 South: 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	2,471	-	90	819	134	3,515	2,812	3,163	703	351
Year 2	4,943	1,814	181	843	138	7,919	6,335	7,127	1,584	792
Year 3	7,414	3,628	271	868	143	12,324	9,859	11,091	2,465	1,232
Year 4	9,886	5,441	361	894	147	16,730	13,384	15,057	3,346	1,673
Year 5	10,182	7,255	361	921	151	18,871	15,097	16,984	3,774	1,887

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