

**PART B****MEMORANDUM**

TO: Roger L. Stancil, Town Manager

FROM: J.B. Culpepper, Planning Director  
David Bonk, Long Range and Transportation Manager  
Garrett Davis, Long Range Planner

SUBJECT: Discussion of Areas Under Consideration for Annexation by the Town in 2010

DATE: November 23, 2009

**PURPOSE**

The purpose of this report is to provide an overview of areas that may be proposed for annexation by the Town in 2010 (see Attachment 1). We do not recommend that the Town pursue any town initiated annexations in 2010.

This is Part B of a two-part item related to annexations on tonight's agenda.

**BACKGROUND**

Annexation is the process by which towns and cities expand their corporate limits to provide for the orderly extension of municipal services to areas that are becoming urbanized. The required municipal services include police protection, fire protection, garbage and trash collection, maintenance and lighting of public streets (excluding State roads), and all other services provided by the municipality, on the same basis as provided within the existing municipal boundaries.

Annexation has occurred on a regular basis in Chapel Hill. Over the last 12 years, the Town completed the following annexations, with the effective dates noted:

June 30, 1996	OWASA Parcel	(Petition)
December 31, 1997	Lowes Parcel (portion)	(Petition)
June 30, 1998	Homestead Village/Horace Williams Tract Oaks III • Phase B5b	(Town-initiated) (Town-initiated)
June 30, 2000	Englewood Subdivision UNC/Faculty-Staff Club	(Town-initiated) (Town-initiated)
June 30, 2001	Notting Hill Area	(Town-initiated)

	Southern Village	(Town-initiated)
June 30, 2003	Parkside II Area	(Town-initiated)
December 31, 2003	Avalon Park	(Petition)
June 30, 2005	Vineyard Square Larkspur	(Town-initiated)

### **METHODS OF ANNEXATION**

There are three primary methods that the Town may use under State law to annex land:

- 1) Town-initiated Annexation - The Town may undertake to annex by ordinance certain areas that meet statutory standards for contiguity, population density, and intensity of development.
- 2) Contiguous Annexation Petition - The Town may annex by ordinance any area contiguous to its boundaries upon presentation of a petition signed by all of the owners of real property located within such area.
- 3) Non-Contiguous "Satellite" Annexation Petition - The Town may annex by ordinance certain areas that meet statutory standards and whose boundaries do not at any point touch the Town's primary corporate limits. Non-Contiguous "Satellite" annexation petitions must be signed by all the owners of real property located within such area.

In general, Town-initiated annexations are a more complicated process than annexation by petition. Town-initiated annexations however, allow municipalities to have greater control over the timing of growth and the shaping of their corporate limits.

The Town's general policy, as reflected in annexation decisions in the last 20 years, has been to annex areas when they qualify under State law and when the Town can practically extend and finance municipal services to the qualifying areas.

Annexation of Property Owned by the Municipality - In addition to the three primary annexation methods described above, State law includes the provision for the annexation into the Town limits of property owned by the municipality. In the same way that a voluntary annexation petition can be made, a resolution of intent can be made at any time to proceed to annex the property into the Town limits.

## **WATER AND SEWER COST CONSIDERATIONS**

In accordance with State law, major trunk water mains and sewer outfall lines must be extended into an annexation area so that property owners will then be able to secure public water and sewer service according to policies in effect for extending services to individual lots or subdivisions. Where the extension of major water or sewer lines is necessary, an annexation plan must set out a timetable for completion of construction within two years of the effective date of annexation.

Once major trunk water mains and sewer outfall lines are extended into an annexation area, then the extension of water and sewer lines to existing individual lots or subdivisions is available in accordance with Orange Water and Sewer Authority (OWASA) policies. In areas where the municipality is required to extend sewer service according to its policies, but the installation of sewer is not economically feasible due to the unique topography of the area, the municipality must provide septic system maintenance and repair service until such time as sewer service is provided to properties similarly situated.

OWASA's general policy is to allow extensions to the public water and sewer system, within or outside of Town limits, provided that the benefiting parties pay the cost through assessments under OWASA policy. Developers may extend lines at their expense and in accordance with OWASA standards. OWASA will not extend water or sewer lines outside of the urban services district identified by the Towns of Chapel Hill and Carrboro.

The financial feasibility of any annexation would be affected by the Council's policy to assist in paying for public sewer construction in neighborhoods now served with individual septic or other private wastewater systems. Pursuant to the assistance policy adopted by the Council on September 9, 1998 and revised October 27, 2004, the Town of Chapel Hill provides a 20 percent subsidy to sewer projects for:

- existing neighborhoods connecting to public sewer through the assessment process of the Orange Water and Sewer Authority with a cap of \$4,500 per lot based on the total number of lots in the project which is being subsidized, and;
- property owners within the Town of Chapel Hill connecting to existing public sewer whose septic systems have been determined by the Health Department to be failing, such assistance to be provided from Town funds reserved for water and sewer assistance with a cap of \$4,500 per lot.

Funds for specific projects are approved by the Town Council and must be made available through the annual budget and Capital Improvements Program process. The balance now reserved for sewer improvements is about \$200,000.

As stated in the accompanying memorandum "Resolution Identifying Areas as Being Under Consideration for Possible Future Annexation" (see related agenda item), for several years the Council has declared its intent to consider for future annexation all of the land between the current Town Limits and the Urban Services Area boundary. Most of the remaining areas not yet

annexed into the Town limits within the Urban Services Area contain some existing developments without sewer and/or water service. The main areas include Northwood Subdivision, Dogwood Acres, the Billabong Road neighborhood, The Rogers Road area, portions of Laurel Hills, and Winter Drive area.

## DISCUSSION

Town-initiated annexations promote the efficient extension of Town services. The Town's Comprehensive Plan has an objective that developments go outward from existing developed areas at the same time as public facilities and services are extended.

As part of our ongoing long-range planning, we study areas that are becoming urbanized. In the past, we have laid out strategies for future annexation areas for the Town Council's consideration. Based on our most recent analysis, we provide the following overview and recommendations for the numbered areas shown on the titled "Areas Under Consideration for Future Annexation"(Attachment 1).

<b>Description of Area</b>	<b>Comments</b>
<p><u>Area 1</u>: Northwest area, including the Northwood Subdivision (Phases 1-4), the Town Operations Center and the UPS facility, and the Rogers Road Small Area Plan Study Area</p>	<p>Water service has been extended into parts of this area. Sewer service has not been extended into most of this area.</p> <p>The extension of water and sewer services to the Town Operations Center has been completed and could increase the possibilities for a Town-initiated annexation of adjacent property in the Northwest Area in future years. Annexation of the Town Operations Center is not dependent on being part of a Town-initiated annexation of a larger area of property. As the Town Operations Center property is owned by the municipality, State Law provides that if the Town wishes, it could proceed to annex the property at any time by a simple resolution of intent.</p> <p>A new development near Purefoy Road is Phoenix Place, Habitat for Humanity's 50 Unit mixed-income subdivision. This development is expected to be occupied in the fall of 2010. The Town is currently reviewing the Final Report of the Rogers Road Small Area Plan Task Force. This report evaluated a range of issues including future plans for water and sewer services and annexation. Chapel Watch Village, a 120 Unit subdivision on 35 acres is currently under construction just west of the Northwood neighborhood.</p>
<p><u>Area 2</u>: Sunrise Road and Interstate 40 (north of Carol Woods and Chandlers Green).</p>	<p>A few development projects have been proposed here in recent years. Also, the school board has removed a potential school site from Area 2.</p>
<p><u>Area 3</u>: Merritt Pasture area.</p>	<p>The lots to the north of Merritt Pasture are not served by sewer (Winter Drive). We believe that the cost of providing sewer to these few lots would be high and that there is not presently a pressing need to provide sewer. We do not believe there is a</p>

	compelling reason to annex Merritt Pasture, and recommend deferring annexation of the lots to the north of Merritt Pasture until such time that sewer services are available.
<u>Area 4:</u> Land south of Town, including the Morgan Creek Hills, Farrington Hills, Laurel Hills, Reserve, Reserve II and Hunt's Reserve neighborhoods.	Presently, a portion of this area may qualify for a Town-initiated annexation. The key issue in our study of this area has been the date at which the Town would be in a position to provide the full range of Town services to this area. The extension of water and sewer mains is a key issue.
<u>Area 5:</u> Land south of Town, including Zapata Lane and the area east of US 15-501 and south of Mt. Carmel Church Road.	This area is a potential site for future development. The extension of water and sewer mains is an issue for this area. We recommend deferring annexation until water and sewer services are available.
<u>Area 6:</u> Dogwood Acres	This area currently is not served by sewer. We recommend that annexation be deferred until such time that funding for water and sewer service is available.
<u>Area 7:</u> Two parcels west of Southern Village	We recommend deferring annexation until this area is developed for urban purposes. At the time of the annexation of the Southern Village area, the property owners of these two parcels requested not to be annexed.

### **NEXT STEPS**

We believe that the circumstances outlined in this memorandum for Areas 2 through 7 have not altered since the 2009 Report. Within Area 1 the Town Operation Center and continued development along Purefoy Road are extending water and sewer services. We believe that decisions about the future annexation of portions of this area should wait until the Rogers Road Small Area Plan Task Force Final Report is reviewed and adopted as a component of the Comprehensive Plan.

### **RECOMMENDATION**

We recommend that the Council not undertake a Town-initiated annexation in 2010.

### **ATTACHMENTS**

1. Map of Areas under Consideration for Future Annexation (p. 10).