

TOWN OF CHAPEL HILL

SERVICE REPORT

FOR

ANNEXATION

AREA 1 - VINEYARD SQUARE

This area is located northwest of the present Town limits and includes the Vineyard Square multi-family residential development, abutting properties with frontage on Homestead Road and the abutting right-of-way of the State University Railroad spur of the Norfolk Southern Corporation located in Chapel Hill Township, Orange County, North Carolina

JANUARY 24, 2005

Revised April 11, 2005

This report has been prepared pursuant to the North Carolina General Statutes, Chapter 160A, Article 4A, Part 3, Sections 160A-45 through 160A-56; and specifically Section 160A-47, as amended. This report includes the required maps, explanation of the area's eligibility for annexation, and plans to extend and finance municipal services.

IV. FINANCING OF SERVICES

Estimated revenues will be sufficient to pay the estimated costs of police, fire, refuse collection, street maintenance, water and sewer services, and other applicable services as described above.

A comparison of estimated revenues and expenditures for the fiscal year 2005-2006, the first full year after the annexation is proposed to be effective, is included in Appendix E of this report. As shown, property taxes at the current General Fund tax rate of ~~55.3~~ 51.6 cents per \$100 of value, and other estimated revenues, will be sufficient to pay for the costs of extending services to the annexation area.

If owners of occupied dwelling units or operating commercial or industrial properties request sewer or water extensions no later than 5 days after the public hearing, such extensions will be financed in accordance with financial and water/sewer extension policies of the Orange Water and Sewer Authority.

Property in the annexation area will be subject to ad valorem (property) taxes for both the General Fund and the Town's Transportation Fund. Various other taxes and fees, including annual dog license taxes, vehicle license fees and business privilege license taxes, will apply to the annexation area as for all other areas of the Town.

APPENDIX E

**ESTIMATED COSTS AND REVENUES
FOR VINEYARD SQUARE ANNEXATION AREA
Revised 04-11-05
Summary**

A summary of cost and revenue estimates (rounded) for the Annexation Area is as follows:

	Year 1	Year 2
Town Costs	\$69,555	\$74,430
Town Revenues	\$179,186 <u>\$168,886</u>	\$305,924 <u>\$287,924</u>
Difference	\$109,631 <u>\$99,331</u>	\$231,494 <u>\$213,494</u>

Detailed cost and revenue estimates are provided on the attached Tables 1 and 2. There are no intangibles tax revenues included in the revenue estimates.

Comparison of Costs and Revenues for Vineyard Square Annexation Area

Year One Costs

- The costs for Year One are summarized in Table 1.
- The costs are calculated for the 2005-06 fiscal year. The annexation is proposed to be effective on June 30, 2005.
- Town multi-family refuse collection will be provided with current positions and equipment.
- North Carolina G.S. 160A-49.3 requires the Town to contract with or pay qualifying private sanitation firms for two years for their revenue lost due to annexation. To qualify, a sanitation firm must make a request to the Town and meet other conditions of the statute. In accordance with G.S. 160A-49.3(b), the Town will make a good faith effort to notify each private sanitation firm providing services in the annexation area.

- The annexation area has access to major water and sewer lines.
- The Town's police services will be provided with current positions and equipment.
- The Town's fire services will be provided with current positions and equipment.
- The annexation area is currently serviced by the Orange New Hope Volunteer Fire Department. We anticipate that the Orange New Hope Volunteer Fire Department will request a "First Responder" agreement with the Town in accordance with G.S. 160A-49.1.
- The annexation area has fire hydrants and water supply for fire protection consistent with the rest of the Town.
- The annexation areas are outside the existing one-fourth mile transit service area boundary. Residents would be offered "Shared Ride Feeder Service" which is an extension of transit service to areas of Town which do not receive regular bus service. The service provides trips between designated bus stops in the Feeder zones and the nearest bus routes or another Feeder zone. This service would be provided with current positions and equipment.

Year One Revenues

- Year One Revenues are summarized in Table 2.
- The total 2005-06 real property tax valuation of real estate in the annexation area is \$20,200,000 as of January 1, 2005 according to Orange County tax records. (This estimate is not altered by the 2005 County revaluation as the properties have been constructed since the revaluation in 2001). The estimated personal property tax valuation in the annexation area is \$2,100,000 as of January 1, 2005.

The 2004-05 ad valorem tax rate for real and personal property is ~~55.3~~ 51.6 cents per \$100 for the Town's General Fund. The estimated total General Fund Tax Revenue is ~~\$120,800~~ \$110,500 (98 96% collection rate).

- Estimates of franchise tax, sales tax, Powell Bill revenues, vehicle license fees, and beer and wine tax, are as follows:

➤ Franchise Tax	\$10,824
➤ Sales Tax	\$35,670
➤ Powell Bill Revenue	\$7,698
➤ Vehicle License Fees	\$3,210
➤ Beer and Wine Tax	\$984

- The total estimated revenue for Annexation Area 1 is ~~\$179,186~~ \$168,886.

Year Two Costs

- Year Two costs are summarized in Table 1.
- Town service costs are similar to those experienced in Year One.

Year Two Revenues

- Year Two Revenues are summarized in Table 2.
- The estimated real property tax valuation for the 2006-2007 fiscal year (values to be determined as of January 1, 2006) is expected to increase by an estimated \$15,000,000.

TABLE 1
TOTAL ESTIMATED COSTS
VINEYARD SQUARE ANNEXATION AREA
2005-2006 Fiscal Year (Year One)
2006-2007 Fiscal Year (Year Two)

	YEAR 1	YEAR 2
FIRE		
-Town Operations	\$0	\$0
-Fire Hydrant	\$0	\$0
-Contracts with Rural Fire Department	\$6,565	\$11,440
LIBRARY	\$0	\$0
PARKS AND RECREATION	\$0	\$0
POLICE	\$0	\$0
PUBLIC WORKS		
-Street Repair	\$11,400	\$11,400
-Drainage	\$4,100	\$4,100
-Street Lights	\$2,400	\$2,400
-Street Signs	\$3,000	\$3,000
-Landscape Services	\$1,250	\$1,250
-Payments to Private Sanitation Firms	\$34,140	\$34,140
-Tipping Fees	\$6,700	\$6,700
TRANSPORTATION SERVICES	\$0	\$0
UTILITIES		
-Sewer Outfalls	\$0	\$0
-Water Mains	\$0	\$0
TOTAL ESTIMATED COSTS	\$69,555	\$74,430

TABLE 2
TOTAL ESTIMATED REVENUES
VINEYARD SQUARE ANNEXATION AREA
2005-2006 Fiscal Year (Year One)
2006-2007 Fiscal Year (Year Two)

	YEAR 1	YEAR 2
PROPERTY TAX REVENUE		
Approximate Real Property Tax Valuation (1/1/05)	\$20,200,000	\$35,200,000
Estimated Personal Property Tax Valuation (1/1/05)	\$2,100,000	\$3,600,000
Maximum Real & Personal Property Tax Revenue - General Fund (\$5.3 <u>51.6</u> cents per \$100)	\$123,300 \$115,000	\$214,500 \$200,200
Estimated Annual General Fund Tax Revenue (98% <u>96%</u> Collection Rate)	\$120,800 \$110,500	\$210,200 \$192,200
Estimated Vehicle License Fee - \$20 per vehicle (1.5 vehicles per du)	\$3,210	\$5,340
OTHER TAX REVENUE		
Estimated Population of Annexation Area	246	409
Estimated Franchise Tax Revenue Based on \$44 per Capita	\$10,824	\$17,996
Estimated Sales Tax Revenue Based on \$145 per Capita	\$35,670	\$59,305
Estimated Beer and Wine Tax Receipts Based on \$4 per capita	\$984	\$1,636
POWELL BILL REVENUE		
Approximately \$23 per Capita and \$1,700 per mile of Town-Maintained Residential Streets	\$7,698	\$11,447
TOTAL ESTIMATED REVENUE	\$179,186 \$168,886	\$305,924 \$287,924