City of West Lafayette
Tippecanoe County

Draft

(This Draft Fiscal Plan is offered for public discussion with the expectation that the document will be adjusted to reflect public testimony, suggestions and input.)

US231 Corridor Annexation Fiscal Plan

(The Fiscal Plan may be reviewed in City Hall in the office of the Department of Development, Chandler M. Poole, Director. Copies of the Fiscal Plan are available immediately at this location for a copying fee of $0.03 per page (black & white), OR interested parties may obtain a copy of the Fiscal Plan from the internet web page at www.westlafayette.in.gov. For any questions regarding this annexation, the public should contact Chandler M. Poole, Director of Development, 765-775-5160.)

April 24, 2013

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PURPOSE OF THE US231 CORRIDOR ANNEXATION

The proposed US231 Corridor Annexation is undertaken for a broad range of important reasons:

- **Annexation addresses the need for growth by the City of West Lafayette:**
  - West Lafayette is the most densely developed city in Indiana, and new growth and development have no room to occur in the core of the City;
  - The completion of the US231 Corridor on the west side is likely to attract significant new growth opportunities.
- **Annexation presents a public policy platform for effective long-term planning for both Purdue University and the City of West Lafayette;**
  - This includes the need for carefully-planned and well-managed extensions of a full range of municipal services to the newly developed areas;
- **Annexation presents an opportunity to develop new and more efficient methods of delivering critical services by creating and extending new partnerships with Purdue University for the purpose of improving efficiencies;**
- **Annexation offers new partnerships with Purdue University which present opportunities for capturing and optimizing future economic development opportunities originating at Purdue University;**
  - Where the traditional academic model is focused on ideas, the 21st century has shortened the distance between education (and the intellectual capital which education creates) and the transformation of those ideas into products and services;
  - Increasingly, major universities are developing models where education and business are no longer separate and isolated, but are evolving to thrive together;
- **Annexation provides an opportunity to develop integrated and coordinated development patterns between the City, the University, and entities such as the Purdue Research Foundation;**
  - This includes more effectively blending the needs of the University (and its students) with those of the private sector, rather than keeping those interests separate and isolated;
- **Annexation and the partnerships resulting from annexation -- between West Lafayette and Purdue – are intended to significantly elevate the regional, national and international 'brand' for both the City and Purdue;**
  - For example, consider that the City of Lebanon, while a great Hoosier city, has greater brand identification on the I-65 Corridor than both Purdue and West Lafayette, combined;
    - Consider that Whitestown, IN, has twice as many direct interstate access points on I-65 as West Lafayette/Purdue.
    - Consider that more than 18 million vehicles pass the current I-65 Exit 178 each year, without significant advertisement or identification of either Purdue University or West Lafayette, Indiana.
    - Consider that the current signage on I-65 directs the public to "Purdue Stadium" without acknowledging the real name of the venue.
    - Consider the cumulative economic impact of making the public more directly aware of the assets of Purdue University & West Lafayette, which is located halfway between metropolitan Chicago (population of 8 million) and metropolitan Indianapolis (population approaching 2 million);
    - Consider that, in 1987, commitments were made to improve Exit 168 on I-65 in order to accommodate a new automotive manufacturer (amidst great political debate) and consider the potential future parallels with the US231 Corridor;

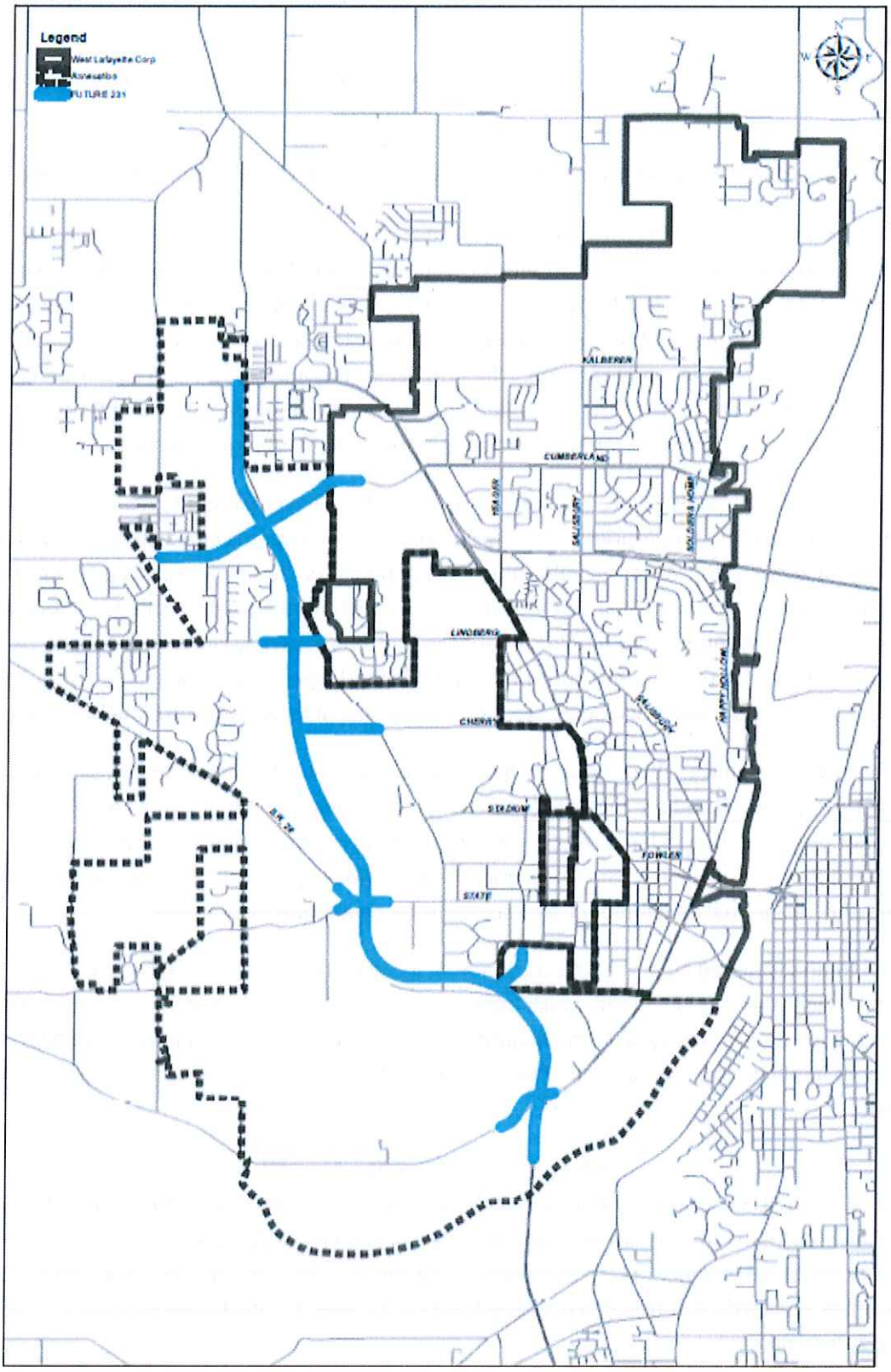
- **Annexation enables the creation of a more formal basis for cooperation, discussion and implementation of mutually-beneficial topics and issues, especially economic development opportunities;**
    - As the University & Purdue Research Foundation (PRF) continue to cultivate, incubate and transform new ideas into products and services, Indiana must do a better job of capturing the resulting business opportunity;
        - Consider, for example, that Purdue has graduated 26 astronauts, and consider the potential for using that intellectual capital as a platform for capturing future private investment that might be associated with aeronautics and space;
        - Consider, for example, that Purdue's agri-business interests have already successfully bridged those gaps and offer models for other applications;
        - Consider that one of the publicized reasons that a major pharmaceutical entity located at Whitestown was due to Whitestown's proximity to Purdue, and then ask why the next such opportunity should not be captured along the US231 Corridor;
- **Finally, annexation will eventually require the City of West Lafayette reconsider its existing municipal services, who receives those services, and the public policies for extending those municipal services to new development;**
    - The land along the US231 Corridor does not belong exclusively to Purdue and the impact on other landowners must be fairly considered;
    - However, those unincorporated areas which are receiving West Lafayette municipal services will need to determine whether they wish to be a part of West Lafayette, or not;
        - It is unlikely that West Lafayette municipal services will be extended to unincorporated areas in the future, without specific provisions for annexation;
        - It is also likely that the most efficient configuration of municipal services in the future is to preserve service capacity for development inside of West Lafayette;
            - This would mean that the City will eventually be compelled to consider whether municipal service capacity (such as sewers and wastewater treatment capacity) should be reserved for development inside the City.
    - The proposed annexation is likely to initiate a long-term discussion regarding which residents wish to receive West Lafayette municipal services or seek an alternative service provider;
    - In addition, annexation is also likely to initiate a long-term public policy discussion regarding how municipal services are compensated in order to provide the most efficient and effective service to West Lafayette citizens.

The proposed annexation is focused on land west of Purdue University and land that follows the new US231 corridor. Purdue University and its affiliates and other private entities own or control a substantial portion of this area which is projected to be a primary site for future economic development proposals. Much of the Purdue-affiliated land is undeveloped. In addition, there are residential subdivisions, as well as scattered residences in the area.

US231 Corridor Annexation

The US231 Corridor Annexation is being pursued in accordance with IC 36-4-3-3 and 4. The Annexation Area is primarily focused on the US231 corridor, currently located west of the corporate limits of the City of West Lafayette, and the area is designated for annexation for the purpose of providing controlled and orderly growth along the new highway corridor. Based on the information derived from the County's web-based GIS system, the Annexation Area consists of a total of ~1,785 parcels totaling ~6,172 acres. Maps are provided showing the Annexation Area, as well as existing/proposed zoning, and existing sewer service territories, as well as the proposed alignment of US231, with respect to the municipal boundaries.

- The statutory annexation process described in IC 36-4-3 is projected to be completed in 2013, however, it is possible that remonstrance will affect the effective date.
- Assuming completion of the statutory annexation process in 2013, the effective date of annexation is projected to be no later than February, 2014.
- The dominant single land owner in the Annexation Area is Purdue University and its affiliated organizations.
- The dominant land use in the Annexation Area is undeveloped/agricultural, with urban development closer to the intersection with SR52.
- In addition, the subdivisions of Wake Robin and Huntington Farms (customers of the West Lafayette sewer utility) are included in the Annexation Area, as well as other residential and commercial subdivisions.
- The dominant sewer service provider in the Annexation Area is American Suburban Utilities.


Legend
West Lafayette Corp
Annexation
FUTURE 231
KALBERER
CUMBERLAND
SALISBURY
SOLDIERS HOME
LINDBERG
CHERRY
SR 26
STATE
TOWER

Contiguity

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

Population Growth & Developmental Density in West Lafayette

West Lafayette's population has grown modestly. The 2000 population of the City was 28,778 which has grown to 29,526 (2010). One of the constraints preventing population and economic growth in the community is urban density. West Lafayette is currently one of Indiana's most densely populated municipalities, and growth pressures are mounting. The new US231 highway corridor is considered a major stimulant for future economic growth. The purpose of this annexation is to support and effect orderly, controlled growth for the City, controlled improvements to sewer, water and transportation infrastructure, as well as affording optimal efficiency in the delivery of municipal services.

The Annexation Area contains several separate and very distinct development types, which makes generalization somewhat inappropriate. The Purdue University campus is intensely developed and immediately adjacent to the West Lafayette municipal boundaries. The University is urbanized and offers services that are not municipal, but are common for high-intensity university development. These service packages are different from municipal services and the University will continue to be responsible for campus services, exactly as it does currently. An inter-local agreement which more carefully specifies the interface between university services and municipal services is currently being discussed.

Except for the Purdue University campus, the population density of the Annexation Areas is less than 3.0 persons per acre, overall, and the proposed Annexation Areas less than 60% subdivided for development purposes, due to large tracts of undeveloped agricultural land, generally owned/controlled by affiliates of Purdue University. The Annexation Area is primarily agricultural in nature and in current use, with some residential development, and some urban development near US52.

In addition to undeveloped land, the Annexation Area includes two existing subdivisions, as well as retail development near the US52 Corridor, which intersects US231. Two of the subdivisions are connected to the West Lafayette sewer utility, as is the majority of the commercial development near US52. If this Annexation is implemented, virtually all of West Lafayette's sewer customers will be inside city boundaries.

"Needed & Can Be Used"

The West Lafayette US231 Corridor Annexation Areas is consistent with the statutory intent of IC 36-4-3-13(c)(2) which states, *"That the territory sought to be annexed is needed and can be used by the municipality for its development in the reasonably near future."* The City of West Lafayette has taken steps to affirm and verify that the area is needed and can be used for its development in the reasonably near future, including:

- planning for and extending municipal utilities to residential and other development in the Annexation Area;

- provision of municipal services to newly developed areas, including commercial and other development along the US52 Corridor;
- extending sewer interceptors to serve the Annexation Area in anticipation of future development;
- working directly with Purdue University and its affiliates to cooperatively develop and refine inter-governmental service policies between Purdue and the City;
- the US231 Corridor Annexation Area is projected to experience increased development pressure as a result of completion of the Corridor.

BRINGING WEST LAFAYETTE SEWER CUSTOMERS INTO THE CITY

The 'needed and can be used' statutory parameter includes the propriety for bringing municipal utility customers inside the corporate limits as development makes such areas contiguous with City boundaries. In fact, IC 36-9-22-2 requires that municipal sewer extensions be accompanied by waivers of the right of property owners to remonstrate against annexation. In this manner, IC 36-9-22-2 (re: municipal sewer extensions) and IC 36-4-3 (municipal annexation) are consistent in the public policy expectation that municipal sewer customers are to ultimately become incorporated into the municipality. Obviously, the City's willingness to extent utility services into unincorporated areas, and to design those extensions with the additional capacity to serve future development is an affirmation of the 'needed and can be used' parameter.

The City recognizes that the West Lafayette utility customers which are located outside of its municipal corporate limits are different in character from the University and its affiliates. The sewer extensions that now serve residential subdivisions (including the sewer interceptors that are used by other sewer utilities) were made with the public policy intention that the customers of the utility system would eventually be annexed. This annexation serves to affirm this public policy intent.

In the event that these residential customers do not wish to be citizens of West Lafayette, it is probably necessary for the City to review its public policies regarding sewer service to these areas.

The Primary Motivation for the US231 Corridor Annexation is to Control New Economic Development

Clearly, the US231 Annexation will result in bringing municipal sewer customers in the Annexation Area inside the municipal boundaries. However, the larger intent of the proposed annexation is to plan for new development along the US231 Corridor. The City's intent to capture and serve future economic development along the US231 Corridor comprises the primary motivation for this annexation.

The Choices Facing West Lafayette Sewer Utility Customers in the Annexation Area

Residents of the subdivisions receiving sewer service from West Lafayette are free to pursue remonstrance in accordance with the provisions of IC 36-4-3-13, or to support the proposed annexation. One important purpose of this Fiscal Plan is to provide those landowners sufficient information upon which they can determine what action is in their best interest. It is the intent of the City and its leadership to listen thoughtfully to these folks and to incorporate the citizens' input into the proposed annexation to the maximum practical extent.

In essence, there are several possible outcomes with regard to sewer service in the context of the proposed annexation:

- Residents served by West Lafayette sewers can support the annexation and become a part of the incorporated city, as intended when municipal sewers were extended (per IC 36-9-22-2);
- Residents served by West Lafayette sewers can remonstrate against the annexation and if their remonstrance is successful, the City would have a different set of public policy alternatives to consider, generally including the following:
    - The City could opt to continue to provide West Lafayette sewer service to the customers in the Annexation Area at the same utility rates as West Lafayette residents;
    - The City could opt to adjust its sewer rate policies such that **"outside city" customers pay some form of sewer utility surcharge**, based on the specific costs for providing extra-territorial services.
    - The City could opt to sell extra-territorial customers to another utility, which would result in certain financial and operating benefits to the City:
        - Any cash proceeds from the sale of utility customers could be used to reduce the debt incurred as a result of extra-territorial sewer service extensions;
        - Any sale of utility customers would reduce the operating costs and responsibilities of the West Lafayette sewer utility;
        - The sale of extra-territorial customers could also generate additional utility revenues, depending upon the terms of the sale.
    - The City could "swap" territory including existing sewer customers for other territory that might currently be assigned to other utilities.
        - Such a swap, depending upon the specific characteristics of the swap, could provide the City the opportunity to capture future economic development on land that is currently undeveloped.
        - Such a swap could also reduce the City's operating costs by swapping existing extraterritorial customers in exchange for customers that would be located inside the corporate limits.

It is important to note that the City has not undertaken any action to alter the configuration of sewer utility customers at this time. Rather, it is the intent of the City to present this annexation and this supporting Fiscal Plan to the public and respond appropriately to public input.

The facts of the City's sewer extensions are well-established, and the City is prepared to welcome those customers into the City as a result of this annexation. However, it is the obligation of the Fiscal Plan to provide sufficient information to enable landowners to make informed choices and therefore it is necessary to suggest potential outcomes that might otherwise have been ignored.

The core purpose of this annexation is unquestionably to capture the new economic development which is projected to occur along theUS231 Corridor. At the same time, the City fully recognizes that annexation has an impact on residents of these subdivisions, and the City is prepared to discuss viable methods for mitigating prospective impacts, if possible.

Annexation Does Not Propose to Alter Any Private Utility Service Area

The proposed annexation does not purport to alter the sewer service territory of any private sewer utility having jurisdiction in the proposed Annexation Area. Current customers of private utilities in the Annexation Area are expected to retain the same service providers.

The City of West Lafayette is prepared to expand and extend its capital and non-capital municipal services into the proposed Annexation Area in full accordance with IC 36-4-3, and will work with property owners in the US231 Corridor Annexation Area to determine the most suitable and appropriate methods for extending West Lafayette's municipal services to serve new and existing development. This information affirms the City's intent with regard to 'needed and can be used by the City for its development' because municipal services must be provided to these areas and planning for the efficient extension of those services is critical to the economic future of West Lafayette.

As provided in IC 36-4-3-13, the City must carefully balance the best interests of the municipality with a careful understanding of financial impact on the residents and owners of land in the Annexation Area. The City takes this responsibility seriously and has made every reasonable attempt to strike a fair and honest balance of these interests.

Providing Capital & Non-Capital Municipal Services

The City of West Lafayette hereby commits to providing capital and non-capital municipal services to the Annexation Area in full compliance with the requirements of IC 36-4-3-13, as follows:

> *"The fiscal plan must show the following ...*
>
> > *"(4) That planned services of a noncapital nature, including police protection, fire protection, street and road maintenance, and other noncapital services normally provided within the corporate boundaries, will be provided to the annexed territory within one (1) year after the effective date of annexation and that they will be provided in a manner equivalent in standard and scope to those noncapital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density.*
> >
> > *"(5) That services of a capital improvement nature, including street construction, street lighting, sewer facilities, water facilities, and stormwater drainage facilities, will be provided to the annexed territory within three (3) years after the effective date of the annexation in the same manner as those services are provided to areas within the corporate boundaries, regardless of similar topography, patterns of land use, and population density, and in a manner consistent with federal, state, and local laws, procedures, and planning criteria."*

This Fiscal Plan is to be introduced publicly in May, 2013, and is estimated to take effect in December 2013-Feburary 2014, unless public input causes adjustments to the timing.

As such, the City hereby proposes to extend all non-capital services of the City to the Annexation Area (as provided in statute, above) within one year of the effective date of annexation, in full compliance with statute.

In addition, the City hereby proposes to extend all municipal services of a capital nature within three years of the effective date of the annexation (in full compliance with statute, above).

Summary of Municipal Departmental Services

The projected impact of the annexation on each municipal department is summarized below:

City Administration

The services of the City Administration are considered non-capital municipal services, which will be provided to the annexed territory within one (1) year after the effective date of annexation (projected 2014). Municipal Administrative services will be provided in a manner equivalent in standard and scope to those noncapital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density.

The services of the City Administration are generally considered to include the services of the following municipal departments and offices:

- Mayor
- Clerk-Treasurer
- City Council
- City Court
- City Legal
- Human Resources
- City Engineer
- Department of Development

The services of the City Administration are directed toward creating more viable economic and human outcomes for the community at-large. A significant part of that work is directed to future planning and creation of viable and successful public policy. Therefore, to a large extent, these administrative offices already provide many of their services and programs to areas outside the corporate limits of the City, and therefore, there is no additional cost projected as a direct result of this annexation. In fact, it is projected that the cooperative public policy platform (with Purdue) established as part of this annexation will actually result in either lower administrative costs, especially related to issues of community growth and development, or in a reduced long-term escalation of administrative costs, as a result of fulfillment of plans and intentions to bring the Annexation Area inside of City boundaries.

Mayor's Office

The Mayor's office (as well as departmental leadership) has spent three years planning for this proposed annexation at significant levels of detail. Once the statutory annexation process has been completed, the demand for the resources of the Mayor's office related to annexation are likely to wane and to be replaced by resources demanded for implementation of the annexation, as well as responding new economic development opportunities in the annexation area. It is estimated that this trade-off will result in an approximate fiscal balance – annexation demands will be reduced, while implementation demands will be increased, and the resulting impact on service costs is projected to be nominal.

The Mayor's office does not project any significant change in the cost of its non-capital services as a direct result of this annexation, however, it is anticipated that future economic development proposals may increase demands on Mayoral staff time and resources. These future economic development responsibilities are not considered a direct cost of annexation.

Relationship with Purdue University

The Mayor's office is responsible for maintaining a partnership with Purdue (and to memorialize that partnership with a Memorandum of Understanding (MOU)), in order to increase consensus and decrease the costs associated with development of mutually-favorable public policies. The MOU serves to provide clarity between service providers in order that services can be organized and managed at optimal levels of efficiency. A core purpose of this proposed annexation is to create a cooperative future vision for both the City and Purdue, including the policies governing development, infrastructure and public-sector programs. By establishing a functional and cooperative partnership, it is asserted that all entities benefit, and that new economic development potential is optimized.

Relationship with Wabash Township

The annexation of unincorporated areas commonly requires adjustments to the services which the township provides to unincorporated areas. The City of West Lafayette intends to engage the Township in constructive discussions related to the methods by which the City and Wabash Township would work cooperatively to provide services to the Annexation Area.

Commonly (but not exclusively), township concerns relate to the provision of fire protection services. Townships routinely rely on volunteer firefighters, while municipalities tend to provide fire protection through full-time firefighters. The competition between these two operating models, as well as the cost/revenue structure inherent in each model, is commonly viewed both subjectively and objectively. Each citizen is free to reach their own subjective conclusion as to which service model is sufficient to meet individual needs and expectations. At the same time, there can be no real question that a full-time firefighting organization can respond more quickly than a volunteer organization can muster forces and then respond. At the same time, the cost of full-time protection is indisputably higher than the cost of volunteers.

This Fiscal Plan takes no subjective side in any such dispute. Throughout the state, new development eventually forces people to consider the relative effectiveness of volunteers vs. full-time firefighters. Inasmuch as the US231 Corridor annexation is premised upon the new US231 alignment and the new development which is considered likely to result, the discussion of how fire protection services are to be provided is unavoidable.

The City is prepared to offer financial considerations to Wabash Township to facilitate the transition from volunteer fire protection to full-time fire protection in the

Annexation Area, based on specific discussions between the Mayor and Township leaders. As such, a preliminary estimate of $80,000 to $100,000 (with no commitment, whatsoever, to such amounts until discussions materialize) is offered in this Fiscal Plan as a placeholder until the issue can be more formally addressed.

Clerk-Treasurer's Office

The Clerk-Treasurer has been directly involved in the planning and development of this annexation and the Fiscal Plan, especially with regard to the development of revenue estimates resulting from the annexation, and the estimated costs of municipal services. The services of the Clerk-treasurer's office are generally non-capital in nature and are projected to only nominally increase as a result of annexation. As Chief Financial Officer of the City, the Clerk-Treasurer will perform a key role in the development of post-annexation budgets, as well as performing diligence in the fiscal processes underlying the City's revenue streams. This Fiscal Plan includes an estimated cost for the Clerk-Treasurer to supervise/maintain post-annexation revenue streams.

City Council Services & Districts

The municipal services of the City Council are non-capital, and the Council projects no significant change in the cost of its services as a result of annexation. The City Council commonly receives requests from outside of the corporate limits, as well as allowing residents of the unincorporated areas the opportunity to approach the Council, offer testimony and make public policy requests. Annexation will not change this practice. In effect, the City Council already provides non-capital services to the Annexation Area, as evidenced by the existing provision of capital sewer extensions to this and other areas. As such, this Fiscal Plan projects only nominal increases in the cost of non-capital City Council services as a result of this annexation.

The proposed annexation is projected to require the re-alignment of Council District boundaries. There are currently 5 city councilors elected in districts, and several of those districts are contiguous to the Annexation Area. The City Council, itself, will have the final word on how any City Council Districts are to be changed to include voters from inside the proposed Annexation Area. The Annexation Ordinance will include provisions to assign the Annexation Area to one or more Council Districts.

City Court

A study of other municipal courts in other cities has indicated that annexation usually does not have a significant impact on the operation of municipal courts. The Court's revenue structure generally offsets its operating costs. It has been reasonably estimated that the increased volume can be handled within the existing assets and resources of the Court, and that revenues generated by the increased volume of court activity will offset increased operating costs.

City Legal

City legal does not provide services directly to taxpayers, and as such it is not generally a service that is considered to change as a result of annexation. A review of the operation of the City's legal department indicates that the cost of these non-capital services is generally dependent on

specific projects and issues, rather than being generated by changes in municipal boundaries (as in annexation). There was no discernible method for predicting which unincorporated areas would generate more or less demand for municipal legal services. As such, it has been determined that the annexation would have no long-term impact on the cost of city legal services.

Human Resources

The non-capital services of the City's Human Resources department were examined with regard to their nature and delivery. Annexation Area residents will have no access or expectation of receipt of the services of the municipal human Resources department. However, the estimated cost of new personnel for municipal departments (such as streets, fire, police, and other offices) as a result of annexation reflect the incremental overhead cost of the Human Resources Department as a result of annexation.

City Engineer

The non-capital services of the City Engineer do not accrue directly to the residents of the Annexation Area. The City Engineer has been directly involved in the planning and execution of the proposed annexation, and has assisted in the development of this Fiscal Plan to assure that the Fiscal Plan adequately represents the short-term and long-term services of the City.

Many of the non-capital services of the City Engineer already accrue to the Annexation Area, especially with regard to projecting future infrastructure needs and demands of the community at large. The City Engineer's role and responsibility as part of the Metropolitan Planning Organization (MPO) is among such services which are already provided.

The City Engineer does not project any increased cost of non-capital services as a direct result of this annexation, however, it is noted that much of the planning, design and construction of the projects representing the long-term developmental interests of the City Engineer have already been invested (or are planned for investment), despite the fact that the projects were/are located in unincorporated areas.

Capital projects (especially infrastructure) under the control of the City Engineer are undertaken with priorities periodically reviewed and adjustments made based on available funding. The City Engineer works closely with the County and other organizations and has a number of capital funding mechanisms available and decisions are made on each project based on the circumstance of the project. However, it is noted that the sum of these circumstances clearly indicates that both the non-capital and the capital (construction) services of the City Engineer's office are already largely available to the Annexation Area.

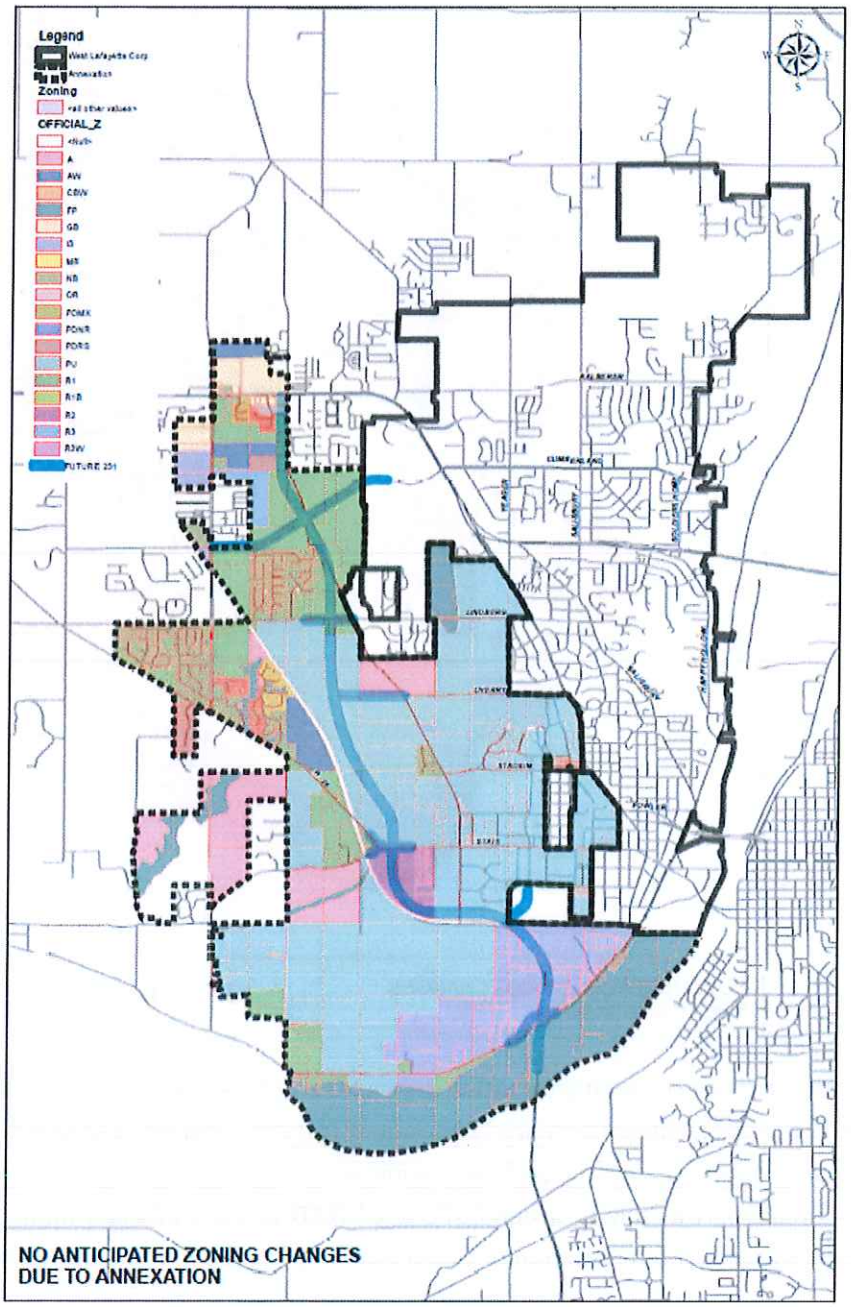
Department of Development

The Department of Development projects the need for an additional code enforcement and inspection officer as a result of this annexation. The non-capital services of the Department of Development include inspection and code compliance activities in the currently unincorporated areas which would fall to the municipal department after annexation takes effect. It is projected

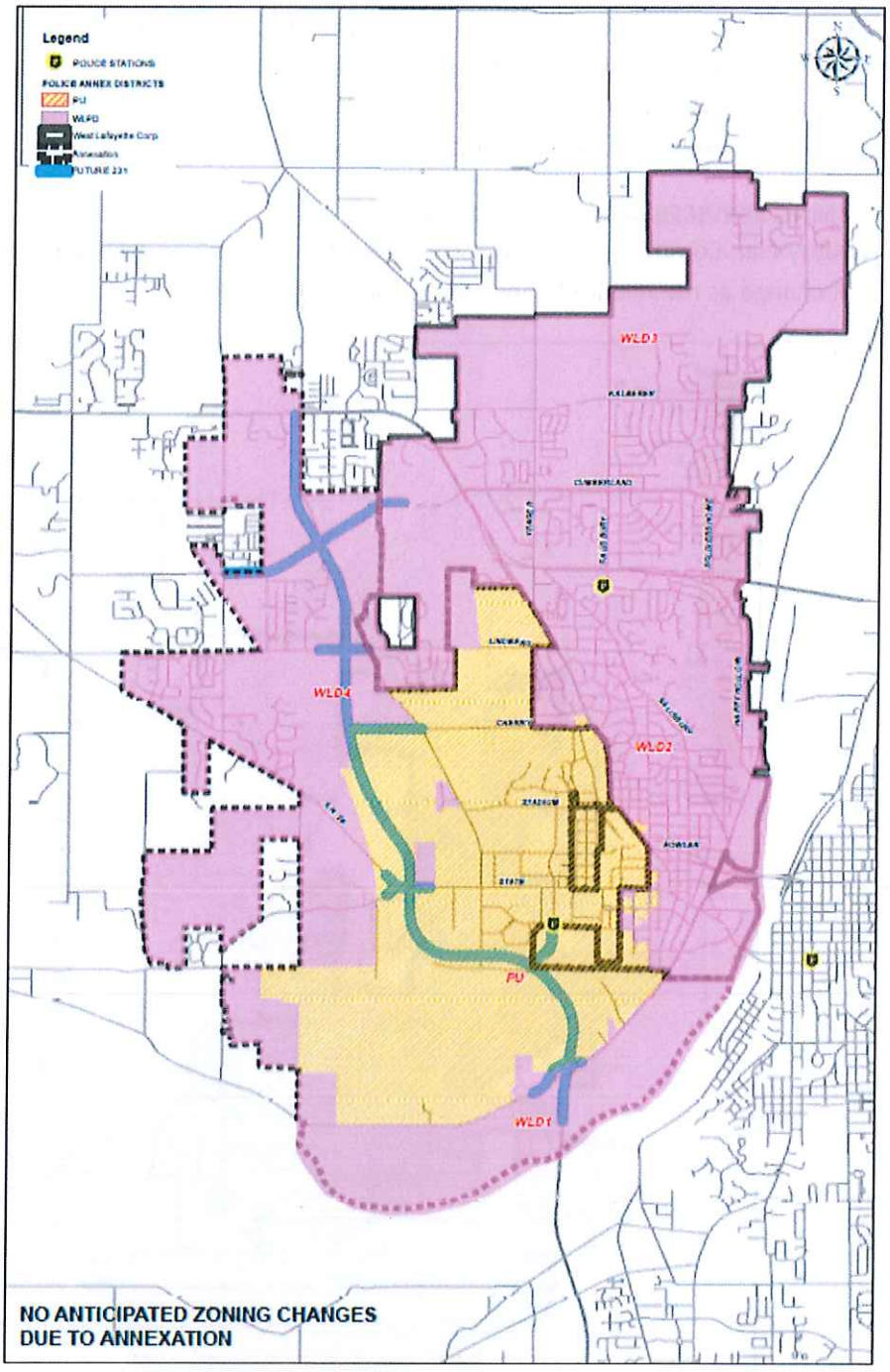
that the services of the Department of Development would be initiated immediately upon the effective date of the annexation (rather than the one-year delay allowed by statute), and that the Annexation Area would be subject to inspection, permit, and other fees as set by city Ordinance. The cost of this additional position is estimated at $65,000, inclusive of overhead. Additional assets and resources may be necessitated as a result of new development, but those stimuli are not considered a direct result of this annexation.

ZONING SERVICES ALREADY PROVIDED

County Plan Commission provides Zoning for the Annexation area and that service will not change as the result of annexation. (See map below.)



Police Department



Police service to the proposed annexation area will be split between the Purdue Police Department (PUPD) and the West Lafayette Police Department (WLPD), with the split in responsibilities based primarily on property ownership and geographic proximity. This arrangement would continue an existing working partnership between PUPD and WLPD which is officially memorialized in both a Mutual Aid Agreement and a Memorandum of Understanding (focusing on an area called "the Island"). This

historic, cooperative partnership between PUPD and WLPD has formed a basis for the cooperative extension of services as proposed for the Annexation Area.

The WLPD is projected to provide police services to the northern portion of the Annexation Area, while PUPD is projected to provide coverage to the southern portions of the Annexation Area, which are adjacent to the campus and other Purdue facilities (such as the airport).

In the worst case, WLPD would expand to cover the entire Annexation Area. Under the worst case scenario, WLPD would require four new officers to be phased in over 3 years, with new development considered to be contributing factor to the budgetary timing. The first officer would be projected to join the force in 2014, with additional officers added to the force in 2015, 2016 and 2017. The estimated total cost (salary, uniform, equipment, etc) of each officer is $80,000 per year, plus it is expected that the Annexation Area would require one additional patrol car at an estimated cost of $31,000.

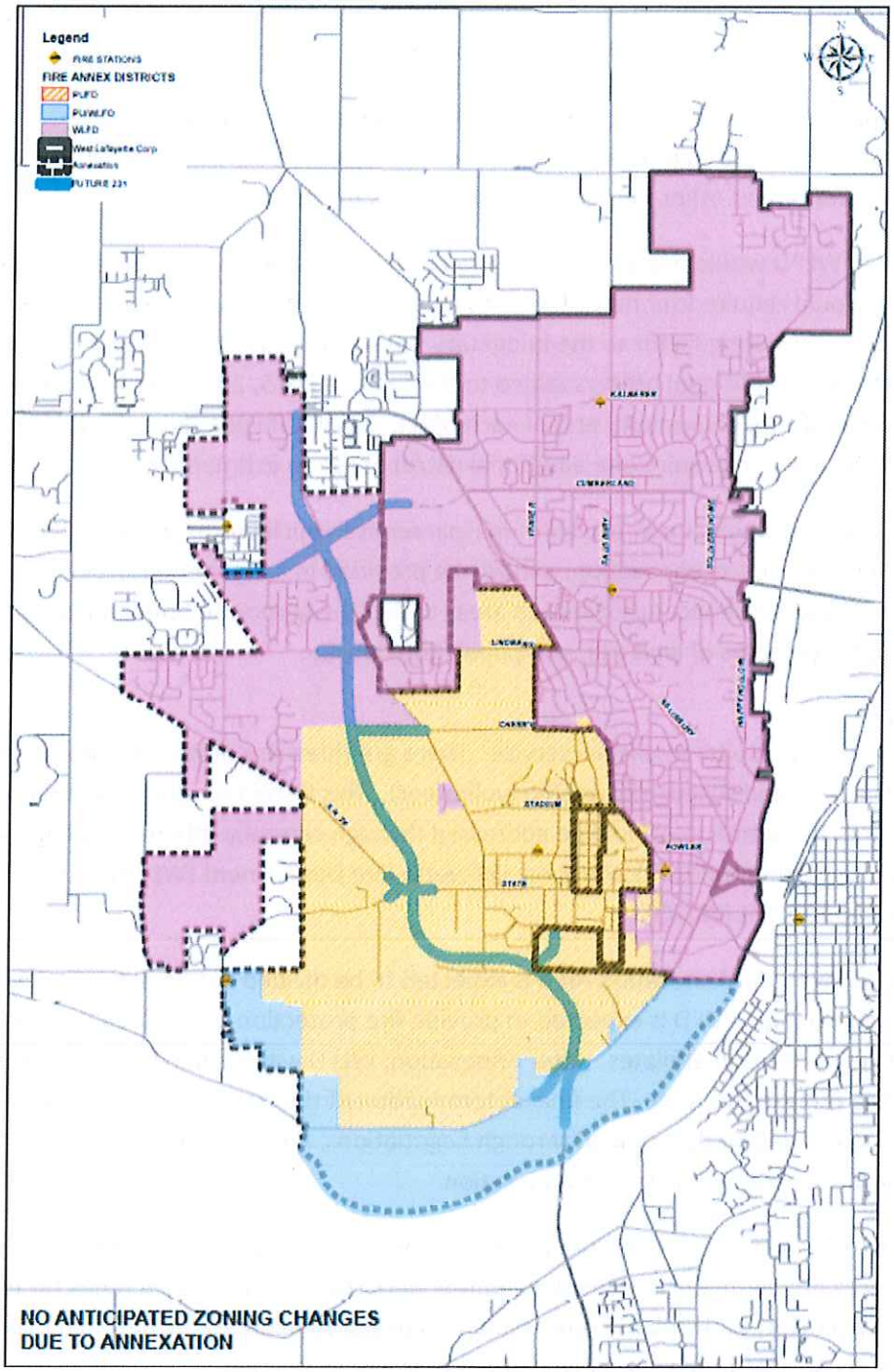
Police services are considered a non-capital municipal service which will be extended within one year after the effective date of the annexation, and will be provided in a manner equivalent in standard and scope to those noncapital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, and population density.

Fire Department

Fire protection is a non-capital municipal service. There are three fire protection providers in the area, including PUFD, WLFD and Wabash Township (volunteer). This Fiscal Plan proposes that the interface between the three departments should be addressed through carefully-integrated planning between the Purdue Fire Department (PUFD), the West Lafayette Fire Department (WLFD) and the Wabash Township Fire Department (WTFD).

On its most basic level, the Annexation Area is expected to be divided between the PUFD and the WLFD, based on land ownership. PUFD is expected to provide fire protection to the area generally owned/controlled by Purdue affiliates. After Annexation, WLFD will provide fire protection to the remainder of the Annexation Area. The final determination of the interface between Township protection and WLFD will be determined through negotiations, however, the Annexation Area will unquestionably be served by WLFD post-annexation.

As stated previously, WTFD is staffed primarily by volunteer firefighters and the response times in the WTFD service area are commensurate with volunteer departments. Response times for PUFD and WLFD are substantially shorter. At the same time, municipal property taxes are higher than unincorporated property taxes in part due to the higher cost of full-time fire protection.



In addition to the basic provisions outlined above, this Fiscal Plan states that the City is prepared to negotiate a plan with WTFD which would ultimately result in a smooth and viable transition that is fair and equitable to the City and the Township fire protection. Obviously, the concepts presented in this Fiscal Plan require good faith negotiation between the City and Wabash Township.

WLFD estimates that the expansion of WLFD fire protection to the Annexation Area will ultimately require adding as many as 6 firefighters to the WLFD force. Due to budget uncertainties that have

become common for all levels of government in recent years, these new hires are proposed to take place on a phase-in basis over 4-5 years.

Fire Hydrants

Fire hydrants are proposed to be provided in cooperation with the existing water utility providing service to the area, including incorporated and unincorporated areas. Generally speaking, fire hydrants are added by the water utility and fire hydrant 'rentals' are paid to cover installation and maintenance. In many cases, fire hydrants are included as a development standard for resident, commercial and industrial developments.

The WLFD has performed a preliminary review of the Annexation Area and has noted some areas where additional hydrants may be necessary to provide adequate firefighting capability. WLFD services will include fire hydrant installation as a capital service and will work cooperatively with the water utility to plan and implement improvements to the network of fire hydrants serving the Annexation Area.

Sewers & Wastewater

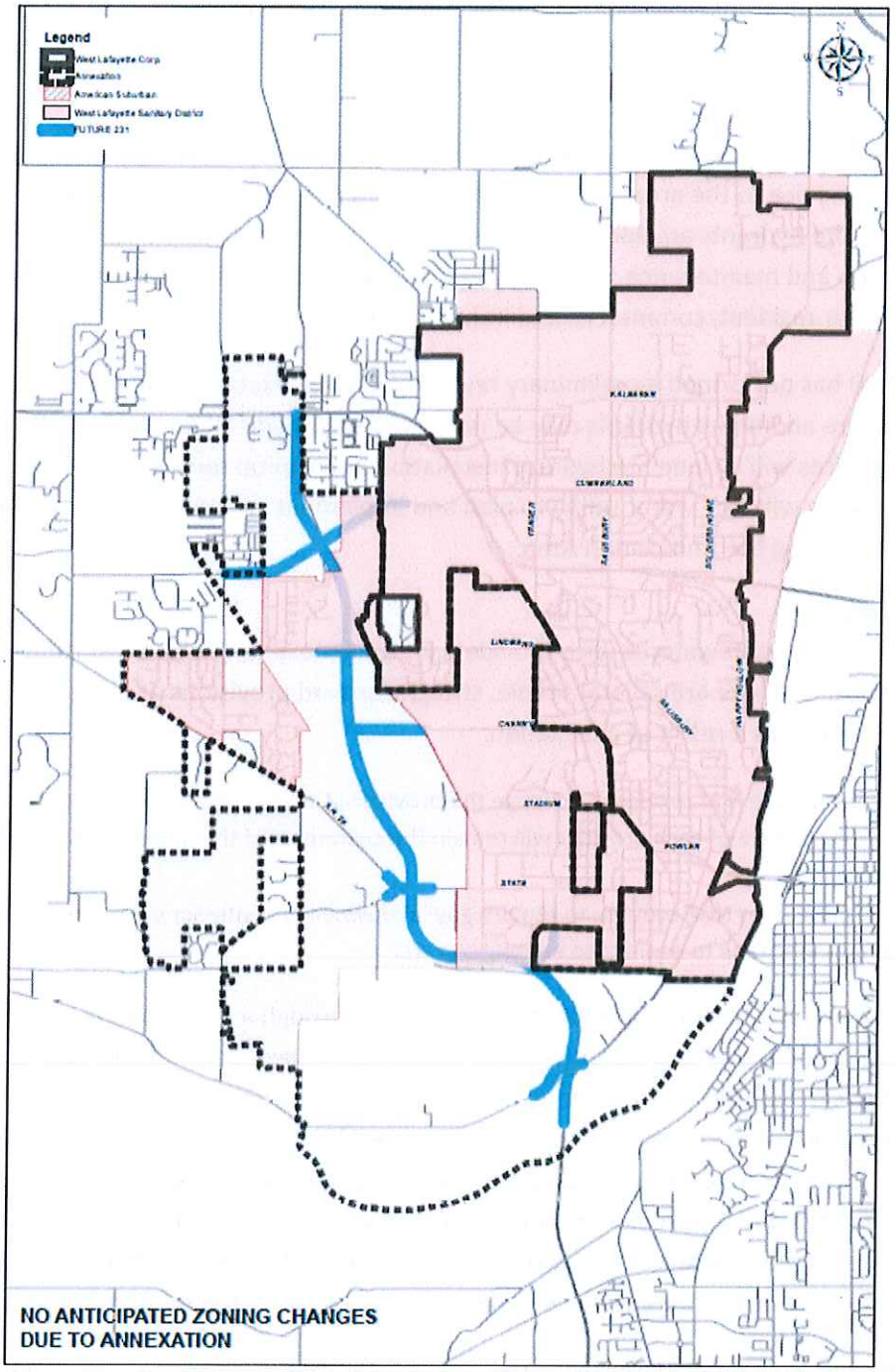
There are three sewer/wastewater service providers in the Annexation Area: West Lafayette, American Suburban and Purdue. There are several simple, straightforward provisions of this Fiscal Plan with regard to sewer service as a result of annexation:

- The Annexation doe NOT propose to change the provider of sewer service for any existing sewer customer (customers of each provider will remain the customers of that provider as a result of annexation);
- The Annexation does NOT propose to require any landowner currently served by an adequately-functioning septic tank to connect to existing sewers;

Sewers/wastewater infrastructure have been administered through a longstanding series of partnerships between Purdue and the City, which are very complex and yet fully functional. The City, Purdue and American Suburban own their own sewers. In some cases, wastewater flows from one utility to another, and those arrangements have been carefully managed to be fully functional. Management of sewer services and costs is well-established and these arrangements are projected to continue post-annexation. By providing the most cost-effective configuration of sewer utility services, between Purdue and the city, both the City of West Lafayette and Purdue seek to encourage and improve the capture of new economic development opportunities in the Annexation Area.

The City's sewer system area actually covers only a small part of the proposed Annexation Area, with American Suburban Utilities (ASU) responsible for serving the majority of the Annexation Area. The proposed annexation does not propose to re-organize or otherwise alter the previously-established sewer service territories. Future sewer service to new development is projected to be controlled by the existing designated sewer territories, which again, are mostly assigned to American Suburban.

The map presented below shows the portions of the Annexation Area currently being served by West Lafayette sewers.



All capital costs associated with extension of municipal wastewater infrastructure into the Annexation Area will be borne by the developer, or by the landowner(s) requesting service extensions, and the determination of those costs will be made directly through established systems of user charges. There is no projected 'out-of-pocket' cost to the City for extending these capital and non-capital services.

Parks Department

The annexation is not projected to generate a need for constructing more parks in the Annexation Area, nor is it expected that the annexation will have any impact on the operations and/or costs associated

with the parks department. Trails, bikes and pathways will be included in future development proposals, but those additions will be separate from any consideration of annexation, per se.

Municipal parks service is considered a noncapital municipal service and will be provided to the annexed territory as provided in statute. The Annexation Area contains a number of Purdue-related recreational facilities and other green space. The responsibility to maintain Purdue-related facilities in the Annexation Area is not projected to change as a result of this annexation. In addition, no additional parks are projected for capital construction as a result of this annexation, except for any trails or other facilities based on new development proposals.

Street Department

The services of the West Lafayette Street Department consist of both capital and non-capital services.

Street Lights

IC 36-4-3 indicates that street lighting is considered a capital service of the municipality and as such, street lighting services must be provided *"in the same manner as those services are provided to areas within the corporate boundaries."* The current street light policies of the City of West Lafayette include provisions for neighborhoods and citizens to request street lights by petition. As such, the City will be prepared to accept petitions for street lighting within 3 years of the effective date of annexation, in compliance with statute.

Capital Street Department Services

Street Department Services of a capital improvement nature will be provided to the annexed territory within three (3) years after the effective date of the annexation (projected 2016) in the same manner as those services are provided to areas within the corporate boundaries, regardless of similar topography, patterns of land use, and population density, and in a manner consistent with federal, state, and local laws, procedures, and planning criteria.

In many cases, planning for these capital street services (including road construction, major improvements, etc.) by the City has already begun, as evidenced by the long-term project list which the City and other agencies maintain. As a result of annexation, the City Engineer will begin immediately to identify and plan for anticipated capital street/road projects in the Annexation Area. Funding for these capital projects will then be prioritized in the same manner as such projects are normally undertaken, and is expected to be largely derived from state and federal grants, which are managed through a Metropolitan Planning Organization (MPO).

It is expected that the cooperative partnership between Purdue and the City will help to identify, refine and prioritize the capital projects for the overall area, as well as to establish a list of long-term projects to benefit the City (including the Annexation area) and Purdue. It is noted that several major capital road projects are already being considered by the MPO for future construction, which further suggests that this capital service attributed to the Street Department is already being provided.

While the planning work for capital projects in the Annexation Area is officially projected to begin in 2014, the funding for these projects is dependent upon criteria which are sometimes not controlled by the City (or are controlled by multiple organizations), and therefore there is no promise of construction within 3 years of the annexation. For example, it is common for a Federal aid Highway project to require 10 or more years between concept and construction, with the input of multiple local, state and federal agencies.

Non-Capital Street Department Services

The extension of municipal street department services into the Annexation Area is projected to require detailed planning and execution. Street Department services are very finite and well-observed, which means a failure to deliver street department services is likely to be extremely visible to the public. It is projected that an MOU will be developed which clearly delineates a detailed pro forma for Street Department services to be provided by Purdue and those provided by the City. In those portions of the Annexation Area not affiliated with Purdue, the City will extend non-capital municipal services within one year of the effective date of the annexation, in full compliance with statute.

Memorandum of Understanding with Purdue

The MOU with Purdue will specifically identify the individual roles and responsibilities of each street department for those sections of roadway owned by Purdue affiliates, including the distribution of road-related revenues.

West Lafayette Street Department to Extend Non-Capital Street Services Within 1-Year

The City's street department will provide non-capital services to any roadway within the Annexation Area which is not specifically addressed in the MOU with Purdue. The non-capital municipal street services will be extended in full compliance with statute.

Non-capital services (such as road maintenance, snow removal, etc.) are generally divided into three broad areas:

- Sanitation & recycling;
- Streets & Traffic (including snow removal and pavement maintenance); and
- Pollution control (stormwater and leaves)

Sanitation & Recycling

This municipal service is compensated by its own revenue stream, and is considered separately from other Street Department services. The West Lafayette Street Department is provides waste removal and recycling within the corporate limits of the City. Unincorporated area landowners must contract for these services individually. Commonly, trash removal and re-cycling services provided by private entities are not only substantially more expensive than those provided by the City, but the City's sanitation and recycling services are more comprehensive in nature.

For example, it is common for municipal sanitation and recycling services to include large trash hauling and recycling as part of a comprehensive service, while private contractors levy separate charges for large trash hauling and recycling. The reduction in costs is projected to be $150-$200 per year for an average residence.

All of the costs associated with this service are expected to be reimbursed within the designated user charge revenue stream, which is projected to be $10-$16/month for the Annexation Area.

Sanitation(Recycling)	Equipment	Labor/annual
1 Person @$45,000		$ 45,000
1/3 Mechanic at $66,000		$22,000
1 Truck @ $285,000	$285,000	
1 Recycling Truck	$285,000	
1/2 of 100' x 100' Building	$500,000	
Totals	$1,070,000	$ 67,000
Annual cost based on 5 year lease of equipment	$267,500	
Proportion of eqpt. cost assigned to Sanitation (60%)	$ 160,500	
TOTAL ANNUAL cost for eqpt. plus labor		$ 227,500
Projected Annual Trash Hauling Revenue		*$ 235,000
(*cost/revenue 'gap' within margin of error)		

The capital equipment costs would likely be undertaken in the form of leases, which would reduce the up-front expense, and spread the expense in closer approximation to the revenue stream and the useful life of the vehicles. (The use of a 5-year lease is for illustrative purposes only. The City will determine what lease terms are best suited to the circumstances at the time of the decision) In addition, however, the trucks can/will be used for other municipal street department services, and a portion of those equipment costs are properly assigned to those other services within the Street Department.

Additional Potential for Sub-Contracting

The City can also determine whether it is more cost-effective to sub-contract waste/trash services to a private company for certain portions of the Annexation Area. Private, independent trash hauling services have a number of idiosyncrasies that increase the operating costs of private companies. In other cities, it has proven cost-effective to sub-contract with private haulers because the sub-contract provisions can remove the idiosyncrasies.

One example of such sub-contractual arrangements is the cost of debt-collection for individual customers. Private haulers must collect fees from each

customer. In other cities, the private hauler receives one sub-contractual check from the City and is not required to collect from individuals, which has been demonstrated to reduce the cost of the service. Other, similar examples may exist. It is possible that such an alternative would, for example, alleviate the need to purchase a truck or hire one of the personnel.

The City reserves the opportunity to pursue this alternative for the purpose of addressing unusual service demands or circumstances during the 1-year planning period.

Street & Traffic (MVH)

The Street & Traffic services of the municipal Street Department are the services most commonly associated with street departments, and are considered non-capital services for purposes of annexation. This includes pavement maintenance (including pothole repairs), snow removal, traffic lights/control, and other services related to street/road maintenance. These municipal services, however, generally do not have a specific user fee revenue stream, but instead are funded through a combination of state and local taxes. In recent years, the constraints on state revenues in combination with caps on property taxes have caused a significant fiscal squeeze which has been keenly felt by municipal street departments.

The extension of municipal Street & Traffic services will be handled using similar management techniques as the sanitation services explained above. During the year prior to the effective date of the annexation, the City will determine whether there is cost justification for considering sub-contracting certain aspects of the Street & Traffic services of the street department, and to then phase-in the additional personnel and equipment over three years. This phase-in of Street & Traffic services would allow for the possibility of new taxable development providing additional revenues to support extension of these services to the Annexation Area.

MVH (Street & Traffic)	Equipment	Labor/annual
4 Men @$45,000		$180,000
1/3 Mechanic at $65,000		$21,667
1 Traffic Technician		$45,000
2 Tandems w/Snow Eqpt @ $300,000	$600,000	
2 Singles w/Snow Eqpt @ $285,000	$570,000	
1/2 of 100' x 100' Building	$500,000	
50' x 50' Salt Storage w/10 tanks	$300,000	
Totals	$ 1,970,000	$ 246,667
Annual cost based on 5 year lease of equipment	$492,500	
TOTAL ANNUAL cost for equipment lease plus labor		$739,167

One alternative, however, would be for the City to attempt to absorb the estimated Street & Traffic costs (below) for the entire Annexation Area in a single year. Obviously, the fiscal

difficulties are reduced if these expenses are phased-in over three years, especially when/if new development is realized.

The City will make decisions related to the most cost-effective alternative for providing MVH services under the circumstances at the time of the decision.

As stated previously, new development is projected to be tied closely to the development and improvement of roadway corridors in the Annexation Area (capital services). Under current conditions, however, non-capital Street Department Services are the primary consideration. The cooperative partnership between the City and Purdue are expected to facilitate the services, as well as the funding for these services.

Potential Partnership with the County Highway Department

The County Highway Department currently provides non-capital street/road services to the Annexation Area, as well as all unincorporated streets/road in the county. As a result of annexation, the County's responsibility for street/road maintenance would be reduced. Therefore, it is possible that the County would have excess capacity in its highway department assets, while also receiving reduced roadway funding as a result of annexation.

In some other communities, inter-local agreements have been developed between the municipality and the county to continue having certain street/road services provided by the County, with the City augmenting the county's services. This alternative allows the County to more optimally utilize its assets and potentially creates a better cost/revenue balance for the community.

Such an alternative can be considered in the case of this proposed annexation, at least for the Street & Traffic (MVH) services.

Prioritizing Snow Removal on School Bus Routes

If requested, the West Lafayette Street Department is prepared to consider school bus routes in establishing snow removal priorities. Different communities approach the establishment of priority corridors using idiosyncratic parameters, but some communities find it valuable for municipal authorities to clear school bus routes as early as possible each morning for purposes of school bus safety.

In some cases, the priority plowing of school bus routes causes snow to be removed from some neighborhood streets more quickly than might be accomplished if school bus routes are not a factor in establishing priorities.

Such accommodations do not change service costs. They simply alter the order in which services are provided (which explains why the issue is addressed idiosyncratically).

Additional Alternative Related to Subdivision Snow Removal

The City's standards and expectations with regard to snow removal services are substantially higher than those of the County. (The West Lafayette Street Department seeks to clear all streets/roads of significant snowfalls within 24 hours.) These higher standards of service can be expensive to maintain in some cases, due to the irregular patterns of snowfall and the allocation of personnel and equipment.

Other communities have mitigated the long-term cost of snow removal personnel and equipment by developing subcontracts with local snow removal providers. Under these models, the municipality subcontracts with independent snow removal providers (including landscaping companies whose demands are highly seasonal) to remove snow from subdivision streets. In these cases, the HOA/neighborhood receives snow removal from a trusted and consistent service provider and the sub-contract cost is paid by the City, rather than the HOA/ neighborhood, plus snow removal by smaller vehicles is often beneficial in subdivisions with narrow streets, or cul-de-sacs which might be more difficult to navigate with a large truck.

These sub-contractual arrangements obviously must be managed and monitored, but in many cases, the service burden on the City assets is reduced yet service is extended at substantially lower cost than hiring full-time personnel with benefits, as well as purchasing/leasing the necessary equipment. In addition, the cost of sub-contracted services are more closely tied to snowfall frequency (sub-contracted costs are more flexible than fixed costs based on an assumption of 'average' snowfall frequency/duration).

This alternative is suggested as part of the Fiscal Plan, for explanatory purposes, and the employment of this alternative will be a decision reached by the City based on circumstances at the time of decision.

Pollution Control (Stormwater, Street-Sweeping & Leaves)

The City Street Department also provides the services of leaf removal and street sweeping, in compliance with state and federal stormwater regulations. Under the same worst case conditions suggested above, in order for the City to extend these non-capital municipal services to the **entire** Annexation Area the estimated costs presented below would be undertaken in 1-2 fiscal years.

The City has recently implemented a stormwater utility which generates user charge revenues to pay for street sweeping services to reduce the environmental impact of stormwater in the Wabash River watershed. The revenue projected to be generated in the Annexation Area is ~$355,000 per year, and that revenue is projected to be committed to stormwater-related services in the Annexation Area, as shown in the following table.

Pollution Control (Stormwater & Leaves)	Equipment	Labor/annual
3 personnel @$45,000		$135,000
1/3 Mechanic @ $66,000		$22,000
1 Street Sweeper	$ 200,000	
3 Leaf Boxes at $50,000	$ 150,000	
Totals	$ 350,000	$157,000
Annual cost based on 5 year lease of equipment	$ 87,500	
Share of cost of other eqpt.	$ 117,000	
TOTAL ANNUAL cost for equipment lease plus labor		$ 361,500
Estimated Stormwater Revenue		*$ 355,000
(*cost/revenue 'gap' within margin of error)		

Similar to the above explanation, the City could choose to examine the cost-saving potential for private contracting of these services, or could consider phasing-in the services, which would diffuse the fiscal obstacle.

Purdue Street Services

Generally speaking, Purdue already maintains the streets inside campus. Purdue also receives funding for maintaining those streets directly from the State. The County currently receives state funding to maintain the streets in the Annexation Area. When/if the proposed annexation becomes effective, the City would expect to receive funding from the State for said road maintenance in the Annexation Area.

This alternative provides that the MOU would include provisions for Purdue to take over the non-capital services on streets that directly serve parcels owned/controlled by Purdue inside the Annexation Area. The Purdue owned/controlled parcels are generally located in the southern portion of the Annexation Area.

In addition, future development would be expected to dictate whether certain streets/roads would fall under one jurisdiction or the other, based on the nature of the development. As stated previously, the City Engineer routinely works with other agencies and organizations to determine the best alternatives for project implementation, including funding.

Summary Table for Estimated Costs of Municipal Services/Departments							
Department		Projected Service Year	Est. Equipment	Est. Annual Lease Cost	Annual Personnel Cost	Total (low est.) Annual Labor + Eqpt.	Total (high est.) Annual Labor & Eqpt.
Police Department - Add 1 vehicle on 5yr lease				$7,750			
Phase-in 4 officers over 4 years	+ 1	2015		$7-$10,000	$ 70-$ 90,000	$ 77,000	$ 100,000
	+ 1	2016		$7-$10,000	$140-$180,000	$ 147,000	$ 190,000
	+ 1	2017		$7-$10,000	$210-$270,000	$ 217,000	$ 280,000
	+ 1	2018		$7-$10,000	$280-$360,000	$ 287,000	$ 370,000
Fire Department	+ 1	2015			$ 70-$ 90,000	$ 70,000	$ 90,000
Phase-in 6 firefighters over 4 years	+ 2	2016			$210-$270,000	$ 210,000	$ 270,000
NO additional equipment	+ 1	2017			$280-$360,000	$ 280,000	$ 360,000
	+ 2	2018			$420-$540,000	$ 420,000	$ 540,000
Projected Support of Township Fire						$ 50,000	$ 100,000
Sewers & Wastewater		Revenue Neutral/based on user rates					n/a
Parks Department		Nominal Impact					n/a
Department of Development							
Additional Inspector, equipment, overhead		2015		$ 5-$7,000	$ 40-$50,000	$ 45,000	$ 57,000
Street Department							
Sanitation (Recycling)		2015	$1,460,000		$290-$300,000		
With 5 year lease of Equipment & Building				$360-$370,000		$ 650,000	$ 670,000
Revenue neutral: Sanitation costs will be offset by Trash Collection revenue.							
MVH (Street & Traffic)		2015	$1,970,000		$240-$250,000		
With 5 year lease on Equipment & Buildings		2015		$490-$500,000		$ 730,000	$ 750,000
Pollution Control (Stormwater & Leaves)		2015	$550,000		$200-$210,000		
With 5 year lease of Equipment				$130-$140,000		$330,000	$350,000
Revenue neutral: Pollution costs to be offset by Stormwater fees.							
TOTAL ESTIMATED COST OF MUNICIPAL SERVICES (2018)						***$ 2,512,000***	***$ 2,837,000***

City of West Lafayette, Indiana

Schedule of Estimated Additional Revenue From Proposed Annexation

Property Tax (net of circuit breaker credits)	(A)	$	906,199
County Option Income Tax	(B)		160,894
County Economic Development Income Tax	(B)		185,849
Motor Vehicle Highway Distributions	(C)		387,353
Local Road & Street Distributions	(C)		99,982
Excise Tax	(C)		50,599
Wheel and Surtax	(C)		158,398
Riverboat	(C)		85,989
Sanitation Fees	(D)		235,000
Storm Water Fees	(E)		355,000
Total Estimated Revenues		$	2,625,263

(A) Property tax estimates assume the taxable annexed parcels move from the current total Wabash Township rate to the District 34 City rate. Circuit breaker credits by parcel are based upon property classification and applicable circuit breaker limits.

(B) Based upon pay 2012 Auditor records, the total net assessed value of the annexed area is $141,855,241 which represents approximately 14% of the City's current assessed value. For estimating the City's increased share of income tax revenues in Tippecanoe County, we assumed a 14% automatic increase in the City's maximum and abstract levy and adjusted the City's proportionate share accordingly. No other growth in total income tax was included in these estimates.

(C) These revenues are primarily based upon estimated population increases of 14,515 and would require a special census or geographic update of census to realize the increase. For wheel and surtax 60% of the distribution is based upon population and 40% on additional road miles. A total of 30.9 miles of roads will come into the City with the proposed annexation.

(D) Based upon an estimated 1,224 residential customers and a $16 monthly fee.

(E) Assumes a total of 3,691 ERU's and a monthly fee of $8 per ERU.

[Underlying data and certain key assumptions were provided by the City's consulting engineers, County Auditor, Office of the State Auditor and City Officials.]

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CPA's and Consultants