



November 3, 2008 DRAFT

2008 Annexation Plan of Services Area 3

Introduction

Public Chapter 1101 (PC 1101), adopted as Tennessee law in 1998, required cities to work cooperatively with other local governments to determine an urban growth boundary (UGB) in which annexations could occur. Cleveland has a thirty-one square mile UGB that was based on a study of urbanization and service requirements in a fifty square mile urban fringe area. Cleveland can annex property within its UGB by ordinance.

PC 1101 Section 19 requires a “Plan of Services” (POS) prior to annexation and these services must include: police and fire protection; water, electrical and sanitary sewer services; solid waste collection; road and street construction and repair; recreational facilities and programs; street lighting; and zoning services. Public Chapter 225 adopted by the Tennessee General Assembly and signed by Governor Bredeson on June 2, 2003, amended TCA 6-51-102 to include impact on school attendance zones.

Annexation is necessary to positively shape urban growth for the public benefit. Growth and urbanization are expected to accelerate in response to recent positive economic events, including but not limited to the recently announced Volkswagen assembly plant. Consequently, Cleveland’s boundaries will need to expand. This needs to be done in a logical progression that incorporates those portions of the Urban Growth Boundary (UGB) that can and should be annexed in the near-term and which looks forward to including other areas that will be in need of urban services in the not-too-distant future as growth occurs, including areas that will necessitate an expansion of the UGB.

General Thoughts on POS

A few general thoughts on the annexation plan of services are in order. Not all needs for services are available in small increments readily divisible on a per capita or per acre basis, so marginal costs could vary significantly at some points as new area is added (e.g. when another fire engine is needed). Also, some anticipated development types, such as residential or industrial, may indicate needs for particular types of equipment or services,

and these different development types are not evenly distributed among all potential annexation areas. So the combined total of all services needed for each of these areas when considered separately could be greater than if they were considered together. On the other hand, it is possible to consider annexation in small increments such that any increment, if viewed in isolation, could be absorbed by existing resources but this might not be true for the combined effects of several annexation areas. The plan of services is also dependent upon the standard of service that is in place at the time of annexation but that could change over time with similar effects upon all areas of the city including the annexation areas under consideration (for example, curbside recycling is not presently offered by Cleveland but that could change). With these caveats in mind, the POS described herein is predicated on the best available estimate of service needs and costs for the area under consideration.

2008 Annexation and Area 3

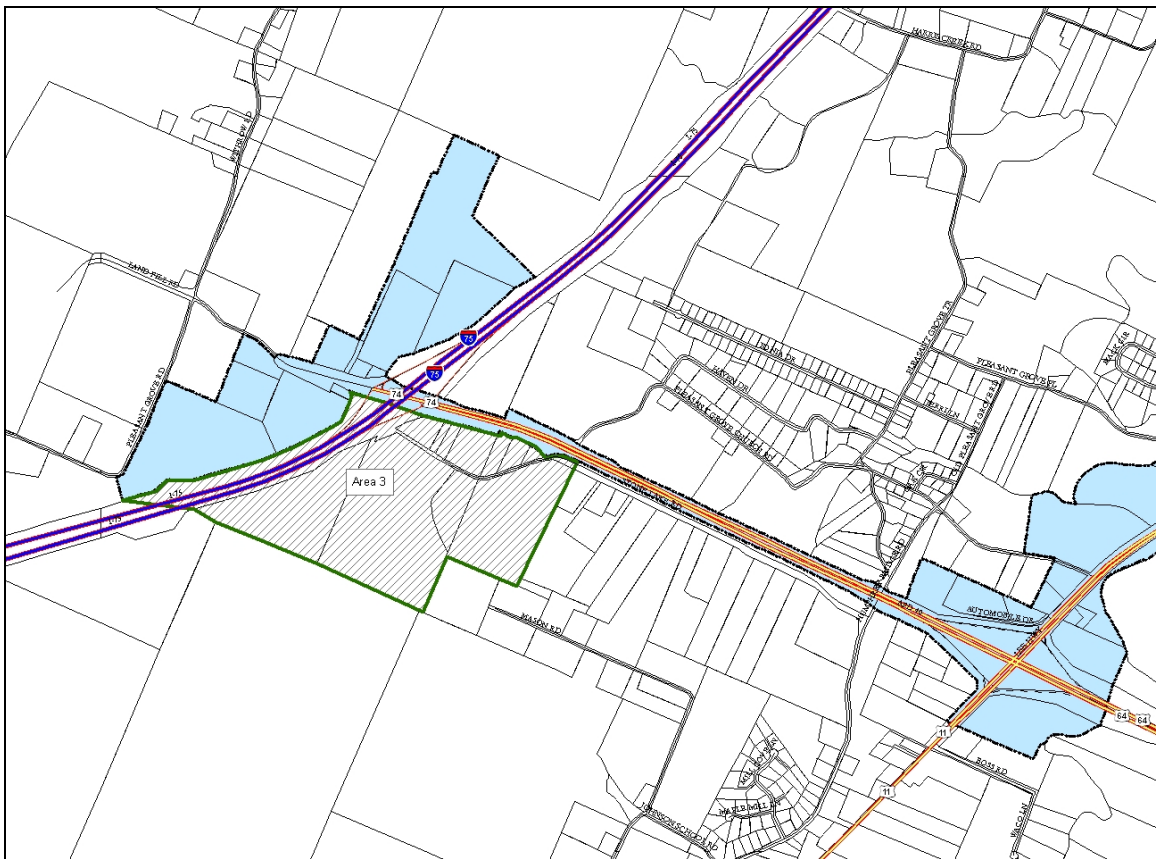
Urbanization has occurred and will continue to occur near two critical interchanges, APD-40/Waterlevel Highway which is Cleveland's major entryway from the east, and I-75 Exit 20 which is Cleveland's southernmost entryway from I-75. Industrial growth is likely along the corridor formed by the railroad and Benton Pike and southward toward Waterlevel Highway (US 64). Commercial development is expected to increase substantially near Exit 20 and a nearby planned interchange on APD-40. Growth in industrial, residential, and other land uses is anticipated near the I-75 corridor north and south of Exit 20. A 2008 annexation has been proposed which includes three areas (see maps in POS for each area): Area 1 is generally south of the railroad and east of APD-40 and south to and including Waterlevel Highway, taking in property east of Durkee Road and east of Minnis Road north of Benton Pike; Area 2 is the area historically known as "East Cleveland" north of Waterlevel Highway and west of APD-40 to the city limits; and Area 3 lies in the southeast quadrant of the APD-40/I-75 junction at Exit 20.

Area 3, further described below, addresses the aforementioned growth pattern and is proposed to be annexed in 2008. Area 3 is located within the Cleveland urbanized area and it is within the established Urban Growth Boundary (UGB). Area 3 contains about 0.24 square miles. Area 3 is generally undeveloped and without population. Area 3 is proposed to receive city services in accordance with the POS described herein.

Area 3 Boundary Description

Beginning at the intersection of the southernmost line of APD 40 and Interstate 75 at a hole punched in the concrete at the northeast corner of the property of I & L Investments as recorded in the BCROD in deed book 1099 pg 319; thence along the Interstate 75 Southbound On-Ramp and the current City Limits South 23 degrees 25 minutes East, 61.46 feet; thence on a right-handed arc in a southerly direction on a radius= 75.45 feet, a distance of 48.28 feet; thence South 13 degrees 15 minutes West, 15.12 feet to an iron pin; thence with the eastern line of Caglecrest Development as recorded in the BCROD in deed book 1767 pg 746 and following the western line of Interstate 75 South 29 degrees 15 minutes West, 280.8 feet to a concrete monument, thence on a right handed curve, Delta= 22 degrees 38 minutes, tangent= 1146.2 feet, a distance of 850.0 feet; thence on a right handed curve Delta= 22 degrees 38 minutes, tangent= 1146.2 feet, a distance of 775.3 feet; thence South 74 degrees 51 minutes West, 189.2 feet; thence North 86 degrees 40 minutes West, 315.5 feet; thence South 56 degrees 28 minutes West, 70.8 feet to a concrete highway

monument; thence South 56 degrees 32 minutes West, 158.3 feet to a concrete monument; thence South 59 degrees 39 minutes West, 55.5 feet to an iron pin; thence leaving the current City Limits and crossing Interstate 75 in an easterly direction to the north west corner of the property of Broad St Methodist Church as recorded in the BCROD book 1357 pg 377; thence following the northern line of the Broad Street Methodist Church property in an easterly direction to the south west corner of the land of Stanley Leonard Mason as recorded in the BCROD book 228 pg 152; thence with the western line of the property of Mason in a northern direction to an iron pin that marks the southwest corner of tract 5 of the property of Exit 20 Partners, LLC; thence South 65 degrees 4 minutes 54 seconds East, 892.4 feet to an iron pin; thence North 28 degrees 4 minutes East, 1536 feet to an iron pin; thence North 63 degrees 28 minutes West, 257.3 feet to a concrete monument in the southern line of APD 40; thence following the southern line of APD and the current City Limits North 63 degrees 28 minutes West, 257.3 feet to an iron pin; thence crossing Stone Lake road to a concrete monument at the Northeast corner of the property owned by Exit Twenty Partners, LLC Tract 6, as recorded in the BCROD Book 1779 pg 828; thence North 61 degrees 12 minutes West, 218.8 feet to a concrete monument; thence North 69 degrees 36 minutes West, 482.1 feet to a concrete monument; thence North 70 degrees 49 minutes West, 366.8 feet to a concrete monument; thence North 77 degrees 24 minutes West, 101.4 feet to a point; thence in a westward direction along the northern line of the property owned by E&H Land LLC as recorded in the BCROD book 392 pg 905, said line also being the southern line of APD 40 and the existing City Limits, 50 feet to a point; thence with the north line of the property of Exit Twenty Partners, LLC as recorded in the BCROD book 1619 pg. 313, said line also being the southern line of APD 40 and the existing City Limits, in a westerly direction to an iron pin at the corner of the property of Richard L. Stafford as recorded in the BCROD book 1161 pg 821; thence following the northern line of Stafford to a concrete marker at the north west corner of the property of Stafford, said point being set by the State of Tennessee for the construction of Interstate 75 and APD 40 as recorded in the BCROD book 122 pg. 59, book 124 pg. 224, and book 139 pg. 171; thence crossing Interstate 75 in a westerly direction following the existing City Limits to the point of beginning.



Area 3 Location Map

2008 Annexation and Schools

Areas 1 and 2 are believed to contain approximately 300 school students at all grade levels, and Area 3 contains no students. Bradley County and the City of Cleveland each operate competing school systems. Many students living inside Cleveland choose to attend Bradley County schools which they can attend without tuition (Cleveland residents pay taxes that support the Bradley County schools). Cleveland students attending Bradley County schools do not receive bus services but it is very common in Cleveland and Bradley County for parents to drive the students to school. In areas 1 and 2 there are about 150 bus riders. After annexation, these 150 bus riders would not receive bus transportation to Bradley County schools but they would be entitled to bus transportation to Cleveland schools. After conferring with both school systems, it is believed that 150 is a good estimate of the number of Bradley County students who would initially attend Cleveland schools in the year following annexation. This figure could potentially be higher and could rise over time as parent and student comfort increases with the transition to the Cleveland school system and as students begin school for the first time.

2008 Annexation Area 3 POS

1. Police Protection

Area 3, if annexed in conjunction with other areas, would contribute to the need for additional police services. (The cost of adding an additional officer is about **\$94,178.90**.) However, Area 3 is small and it is anticipated to be a commercial development area as opposed to a residential area with any substantial population. Area 3 by itself could probably be absorbed with existing resources.

2. Fire Protection

All three of the areas proposed for annexation are currently serviced by the Cleveland Fire Department under the contract with Bradley County. However, attention needs to be given to future development types in all of these areas to determine the need for additional Fire Stations, personnel, apparatus and fire hydrants in order to maintain our current Class 3 ISO rating.

The City of Cleveland currently owns land off of Westland Drive that was purchased for a future station to service the area along Exit 20 including Area 3. Before this land was purchased, it was determined that the City could use the same design as Station Five, thus realizing a savings on design cost. An estimated cost for this station today would be **\$1,100,000.00** and an additional **\$750,000.00** for 15 firefighters to adequately staff it. This station will primarily service industrial/commercial occupancies with the possibility of high-rise motels, some of which could be located in Area 3 or nearby. A quint type fire apparatus would be the most efficient and versatile for this area. This type of apparatus comes with an estimated cost of **\$750,000.00 - \$800,000.00**. Once it is determined how this area is to be developed and a time table established it will be

necessary to immediately begin construction on this station. A best guess estimate would be within the next 2-3 years.

3. Domestic Water, Sanitary Sewer Service, and Fire Hydrants

- A. Domestic Water---Water is not available to all parcels in Areas 3. Area 3 will require the extension of water mains to serve all parcels at an estimated cost of \$30,000. These water system improvements will require 3 years to complete.
- B. Sanitary Sewer---Sanitary sewer facilities will need to be provided for Area 3. To provide sanitary sewer facilities in Area 3, it is estimated to cost \$1,408,125 and will take 4 years to complete.
- C. Fire Hydrants---Area 3 will require the addition of 1 fire hydrant. Each new hydrant is estimated to cost \$3,500. It will take 3 years to provide fire hydrants in Area 3. The estimated cost is included in Domestic Water.

SUMMARY OF COSTS

	Water	Sanitary Sewer	Total
Area 3	\$ 30,000	\$ 1,408,125	\$ 1,438,125

4. Electric Service and Street Lighting

- A. Electric: Volunteer Electric Cooperative (VEC) provides service in Area 3. Cleveland Utilities would incur costs for taking over the VEC facilities

Area 3

Exit 20 SE corner, Electric Annexation, 2008

If VEC gives up 2 customers outside of the proposed annexation.

VEC Facilities at depreciated cost:

- 3- oh xfmrs in service, 2 not in service = **\$475.40 + \$377.94**
- 11- 40' wood poles = **\$1,203.07** + pole constructions **\$385.00**
- + guys and anchors **\$1,180.45**
- 10- spans of single phase oh primary- 3,560' = **\$576.72**
- 3- spans of secondary triplex- 304' = **\$80.58**
- 1- underground service- 153' = **\$137.70**
- 1- underground primary with bore – 1,000' = **\$3,772.47**
- Total = **\$ 8,189.33**

Revenue over 10 years on 4 meters:

- 3-commercial meters @ 1000kwh = \$46,184.40
- 1-residential meter @ 1000kwh = \$12,349.20
- Total = **\$58,533.60**

CU's cost to pick up load :

- Install 1 span of oh single phase primary- 191'
- 2- down guys

Replace 3 oh xfmrs

Remove open point in our existing primary

Disconnect VEC primary at pole and sector

Total = **\$5,560.27**

Total Area 3, Electric Annexation cost - \$72,283.20

B. Street Lighting. Cleveland Utilities would provide street lighting in Area 3 in accordance with established City standards. The proposed time-frame for providing street lights is two years from the date of the annexation.

Annex Street Light Addition Estimates

	100 Cobra	250 Cobra	Poles	Transformers	OH Duplex	OH Open Wire	UG Sec.
Area 1	62	52	18	1	1211	3850	8810
Area 2	122		6	0	1440	650	1885
Area 3	4		1	1	0	1000	350
Total	188	52	25	2	2651	5500	11045

	Total Cost	9% of Total Investment	Monthly Investment Charges	Monthly Energy	Total Monthly Charges
Area 1	\$ 172,572.08	\$ 15,531.49	\$ 1,294.29	\$ 631.80	\$ 1,926.09
Area 2	\$ 97,714.05	\$ 8,794.26	\$ 732.86	\$ 397.70	\$ 1,130.56
Area 3	\$ 9,505.04	\$ 855.45	\$ 71.29	\$ 13.04	\$ 84.33
Total	\$ 279,791.17	\$ 25,181.20	\$ 2,098.44	\$ 1,042.54	\$ 3,140.98

5. Refuse Collection

- A. Current city policies regarding residential, commercial, and industrial refuse will apply in all annexation areas including Area 3 per the terms of the City's contract with Waste Connections of Tennessee, Inc. and will begin at the time of annexation.
- B. The City no longer provides curbside recycling and this service will not be provided in the annexation areas including Area 3.

6. Route Collection Services

- A. Current city policies regarding residential debris, brush, and white good collections will apply in all annexation areas including Area 3 and will begin at the time of annexation. There are presently no residences in Area 3, but in the event that there are residences there these polices will apply as in other areas of Cleveland.
- B. The current city policies regarding leaf collection, curbside pick-up in residential areas for a period of approximately three to four months, would apply to residences in Area 3, in the event that there are residences, in the same manner as they apply to residences in other areas of Cleveland.

7. Street Repair and Maintenance

- A. Emergency maintenance of city streets (i.e. repairing hazardous potholes) within the annexation areas including Area 3 will begin at time of annexation.
- B. Routine maintenance of local streets in the annexation areas including Area 3 will be scheduled on the same basis as such maintenance in the rest of the City.
- C. Reconstruction and resurfacing of streets, installation of storm drainage facilities, construction of curbs and gutters, and other such substantial improvements in the annexation areas where identified as needed by the governing body will be accomplished in accordance with the priorities and policies established for the entire city.
- D. Within three years of annexation, street name signs will be installed in all of the substantially developed intersections located within the annexation areas including Area 3. All major streets which are in need of striping/painting, will be striped/painted according to established standards within three years of annexation.

ROADWAY SUMMARY REPORT

Area 3

This area consists of seven undeveloped parcels.

8. Schools

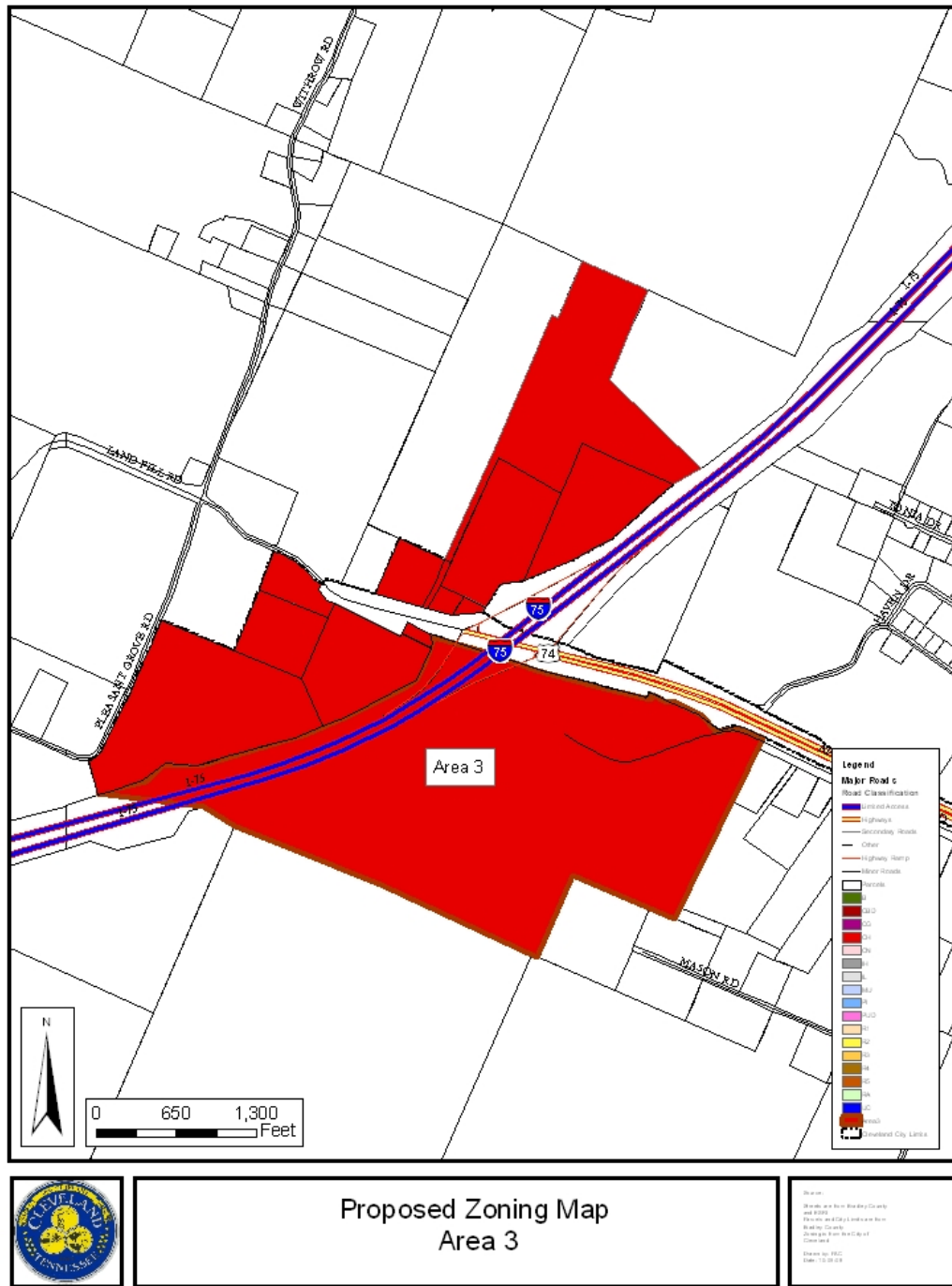
- A. The City recommends that any students residing in either of the annexation areas at the time of annexation continue in the school where they are currently enrolled for at least the remainder of the school year; however, no students are believed to presently reside in Area 3.
- B. Any students in the annexation areas who are paying tuition to attend City schools may stop paying such tuition on the effective date of the annexation and continue to attend city schools provided that they continue to live in the City; however, no students are believed to presently reside in Area 3.
- C. Students in the annexation areas will be provided with classroom space in accordance with standards applicable to City schools; however, no students are believed to presently reside in Area 3.

9. Inspection and Codes Enforcement

All inspection and code enforcement programs existing within the City will be extended to the annexation areas including Area 3 on the effective date of the annexation.

10. Planning and Zoning

- A. The planning and zoning jurisdiction of the City will extend to the annexation areas including Area 3 upon the effective date of annexation and all municipal planning activities will encompass the needs of the annexed areas.
- B. A tentative zoning plan for Area 3 was described in the *2008 Annexation Study and Proposed Plan of Services*, presented to the City Council on October 13, 2008. The aforesaid zoning plan is proposed to take effect on the effective date of the annexation. The implementation of this zoning plan may be followed by a subsequent re-evaluation with further adjustments being recommended to the City Council if the Planning Commission determines that this needs to be done or if such a review is requested by the City Council. In the case of Area 3, the proposed zoning is CH Commercial Highway which would be put in place upon annexation; however, a proposed Interstate Interchange zoning classification currently under study may be approved for Area 3 in the future.
- C. Residential lots platted prior to the annexation will be allowed to develop with the typical prevailing setbacks of surrounding residential lots but front setbacks would have to be at least 20 feet.



11. Animal Shelter

The City operates a full-time animal control program including an animal shelter. The Animal Shelter is located on Hill Street SE. Services include pick-up of stray and/or dangerous animals. Animal control services are currently provided by the City to other

areas of Bradley County on a contract basis. These services will continue to be available to the annexation areas including Area 3 on the effective date of the annexation.

12. Recreation

Any residents of annexed areas, including Area 3 if there were such residents, are welcome to utilize all City recreation facilities and services. The needs of the annexed areas will be evaluated in the same manner as other areas of the existing City as expansions in City recreation resources are planned and implemented.

13. Voting Rights and City Elections

- A. If an eligible voter's permanent place of residence is located in an annexed area including Area 3, that voter is automatically eligible to vote in City elections.
- B. If an eligible voter is in the category of a property rights voter in Area 3 then that voter must register at the Election Commission Office prior to voting in a City election.

Perspective on Costs and Benefits of the Proposed Annexation

The total appraised property value for the three areas is about \$600,600.00 this equals an assessed value of \$150,150.00. The property tax generated from these areas would be about **\$2,500.00** a year (state shared revenues are based upon population and there is none in area 3).

Revenue conditions could be expected to improve dramatically with the anticipated industrial and commercial development. The proposed annexation sets the stage for industrial and commercial development centered around the area's primary highway infrastructure, I-75 and APD-40. The type and scale of revenue-generating development anticipated here need this highway infrastructure and the other services that the City would provide. The existing highway infrastructure could not readily be replicated elsewhere around Cleveland and Bradley County, so it makes sense to expand Cleveland's boundaries here rather than somewhere else even though the costs of service improvements would outweigh the revenue benefits in the short-term. Moreover, establishing City control over land use and development in adjacent urbanized areas and providing these areas with a higher level of services is more favorable to continued growth and prosperity than having the City wrapped in a densely populated but underserved envelope. In the long run, as the additional personnel and capital expenses are spread over the anticipated growth, greater returns will be realized. Making these investments for growth at the current time is important because the window of opportunity for economic development from Volkswagen and other industry has arrived.

The tables that follow illustrate the rate increase effect the annexations will have on Cleveland Utilities and their customers. Area 1 work will begin in 2010.

Cleveland Utilities Information Reporting Impact of Proposed Annexation (Water) (Based on changes to projections reported in FY 2009 budget.)										
	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Construction Cost Benton Pike East Cleveland Exit 20		176,400		30,000				180,000		
Total Construction Cost	0	176,400	0	30,000	0	0	0	180,000	0	0
Proposed Rate Change w/o Annexation	8.50%	5.50%	5.50%	5.50%	5.50%	5.50%	.50%	.50%	.50%	.50%
Proposed Rate Change w/ Annexation	8.50%	7.35%	5.50%	5.50%	5.50%	5.50%	.50%	.50%	.50%	.50%
Revenue Gain / (Loss)	(65,472)	(130,944)	(130,944)	(130,944)	(130,944)	(130,944)	(130,944)	(130,944)	(130,944)	(130,944)
Net Increase In Debt @ Y/E	0	0	0	0	0	0	0	0	0	0

Cleveland Utilities Information Reporting Impact of Proposed Annexation (Sewer) (Based on changes to projections reported in FY 2009 budget.)										
	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Construction Cost Benton Pike East Cleveland Exit 20		1,170,000	1,170,000	1,170,000	1,170,000	1,170,000	1,162,500	815,000	815,000	807,500
Total Construction Cost	0	1,170,000	1,170,000	1,874,100	1,874,025	1,170,000	1,977,500	815,000	807,500	0
Proposed Rate Change w/o Annexation	8.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	5.00%	0.00%	0.00%
Proposed Rate Change w/ Annexation	8.00%	6.00%	6.00%	6.50%	2.50%	0.00%	0.00%	5.00%	0.00%	0.00%
Revenue Gain / (Loss)	(12,162)	(24,324)	(13,338)	8,634	30,606	52,578	80,826	104,358	116,904	123,180
Net Increase In Debt @ Y/E	0	1,250,000	2,437,500	4,062,500	5,850,000	6,537,500	8,425,000	8,950,000	9,425,000	8,850,000