

## ANNEXATION POLICY FOR DEVELOPMENT REVIEW, DESIGN GUIDELINES MATRIX, AND COST-BENEFIT ANALYSIS

The 2019 Strategic Vision Plan identified that the City of Mount Holly should consider policy recommendations to provide more detailed parameters on annexations, design guidance, and cost-benefit provisions. This Policy is intended to outline these recommendations in a transparent format that City Council, City staff and the public can utilize as a tool for efficiently-planned and intentionally-thoughtful growth. Nothing in the following policy permits the City or applicant to avoid following NC General Statute, Extension of Corporate Limits under Section 160A-29 through 160A-58.90.

The three areas of focus are the Development Review Process, Cost Benefit Analysis and Design Guideline Matrix, which are supporting documents to this Policy, but there is also clarification on the Agreements for Development Approval. The Policy is organized as an instruction manual for using these tools and understanding the role that they each have in supporting decisions made by the City. It is important to clarify that this Policy does not replace the Land Use Plan, Zoning Ordinance or other adopted planning documents in place but provides additional guidance that addresses issues related to growth and annexation in the City of Mount Holly. Annexation may be required by City Council as part of requests by property owners for extension of City water and sewer connections to areas outside of the City limits.

### *Development Review Process*

The purpose of this document is to establish a transparent, step-by-step guiding document in the annexation process for public and private sector development, involving Conditional Zoning (CZ). This document's information is based on regulations found within the City's Zoning Ordinance, Strategic Vision Plan and Subdivision and Land Development Ordinance, as well as other City department policies.

The development review process has evolved to account for the recent attractiveness of the eastern Gaston County area that is in close proximity to the City of Charlotte. The major changes in the process include two (2) Technical Review Committee meetings, a more-thorough cost benefit analysis and the design guidelines matrix. The Technical Review Committee (TRC) is a group of representatives from all City departments that provide technical comments on plans and projects. Having multiple layers of review provides benefits to both the applicant and the City by identifying potential concerns early in the process, thus providing applicants better service through upfront feedback.

The following serves to provide an outline of the City's schedule for Conditional Zoning (CZ), a voluntary, legislative process adopted by the City of Mount Holly in 2007. The schedule of procedures involving Conditional Zoning (CZ) process seeks to combine the most effective means to move you towards a final decision before City Council, with the recommendation on the rezoning coming from the Planning Commission beforehand. This schedule would also apply in part or whole to other zoning amendments that are not part of annexation requests.

The schedule will comprise the following criteria, but in order to better understand the vision of the applicant a Pre-Submittal Meeting with Staff is required. This meeting with the Planning and Utilities department with primary focus on water/sewer service. As part of the meeting, the applicant needs to know ahead of the meeting the

number units and breakdown of units (number of 2, 3, 4 bedrooms). If commercial, then enough detail on type of use (square footage/industrial/retail). After this meeting, then the following steps can occur.

1. Submit a completed copy of the CZ application and Annexation Petition along with the associated fee: This step officially begins the rezoning process, which will begin with staff review. Upon submission of the referenced application and payment of fees, staff will assign a number to track the project. Based on the City's most current and adopted fee schedule the CZ fee can be found. In addition to petitions with the appropriate fees, any site plans, market based comparable for the type of development proposed and other required documentation should be submitted. The three (3) Market Comparable Tax Values (MCTV) should be from within Gaston County and reflect the type of architectural home/product proposed. If there are no local comparable sites, then the City may approve other comparable sites outside of Gaston County.
2. Technical Review Committee (Internal): Once appropriate information is submitted, then an internal TRC will be held without the applicant. This meeting will allow all departments to familiarize themselves with the proposed annexation and develop comments, which could affect the layout or design of the site. It also allows City departments to communicate information and identify issues early in the process. Gaston County Planning, Gaston County Schools and other agencies will be included as needed. If the process involves annexation, the Cost Benefit Process begins.
3. Transportation Impact Analysis (TIA) Ordinance: It is also pertinent to review traffic impacts pertaining to the proposed development. In 2017, the City adopted a Traffic Impact Analysis Ordinance, which has been utilized by several subdivisions through Mount Holly's on-call transportation firm. The process involves a scoping meeting to determine fees to be paid by the applicant. The TIA mitigation will be part of the cost benefit review process as well as the Transportation Mitigation Agreement (TMA).
4. Cost Benefit Analysis (For annexations only): The cost benefit review is required as part of the annexation request. The process takes into account cost to serve and revenue projected based on the average of three (3) Market Comparable Tax Values (MCTV) provided by the applicant. This analysis will also look at the projected build-out or absorption rate of the project to account for short to long term revenue and expense to the City.
5. Call for the Public Hearings: The Planning Commission, the recommendation body, and City Council, the governing body, must set the public hearing dates for the rezoning of the property. Typically, this is done two months out to give the remaining steps time to be completed. For example, if staff were to present this item in January for a call for public hearing, the hearing dates on the rezoning would most likely be set and held in March, assuming that all other steps are completed.
6. Annexation Agreement Scoping Meeting: This meeting is between City staff, the applicant, and the City Attorney ahead of the public hearings for zoning with an annexation petition. The goal of this step is to assure that all items are in accordance with NC General Statutes for annexation petitions as well as to account for any other conditions relative to the specific development proposal.
7. Public Involvement Meeting (P.I.M.): This is the first step in the rezoning process that welcomes public interaction at a drop-in informational meeting. It involves notification of the adjacent property owners

within 250 feet of the property. Staff and the development team will be on-hand at this meeting to answer any public concerns or questions. However, even though the City will provide the meeting facility at the applicant's request, the Public Involvement Meeting will be hosted by the applicant and/or his representatives. Also, the applicant is responsible for providing the list of adjoining property owners within 250 feet of the subject property. The City will however, mail out notifications of the hearing at least 10-days prior to the P.I.M. date. Additionally, the applicant will be billed for the cost of the mailings and legal advertisement in the Gaston Gazette, a newspaper having general circulation in the area.

8. **Technical Review Committee Meeting:** This follow-up meeting will be between City department heads and the applicant. It will require engineered drawings showing the location of water and sewer lines onsite or nearby (if not available onsite) and proposed main connections. At a minimum, a general development plan, which shows on the proposed site, by land use type, the areas to be developed for buildings and parking and shall show all points of ingress and egress onto thoroughfares and collector streets. Please reference Section 14.5 in the Zoning Ordinance for more information. This follow-up meeting will require that the applicant incorporate any changes that were required by the TRC at the first meeting and mitigation identified during the TIA analysis. Also, it gives the development team a chance to incorporate suggestions made by the public at the P.I.M.
9. **Public Hearing Planning Commission (Zoning Only):** This meeting seeks to incorporate land use recommendations on the zoning of the property by the Planning Commission. This is a public hearing under the North Carolina General Statutes and like the City Council public hearing, it must be advertised in the newspaper for two consecutive weeks. Adjacent property owners will be notified by first class mail by the City.
10. **Public Hearings before City Council (Zoning and Annexation):** City Council decides on the conditional rezoning of the property. Please note that while a decision on the CZ can take place on the date of the hearing, nothing binds Council to a decision at this meeting. City Council can choose to close the public hearing, and table the decision until the next month, if more information is needed or if certain recommendations on the development plan need further study for possible incorporation.
11. **Approval of Annexation Agreement (AA) and Annexation Resolution:** If the zoning plan and annexation hearings are held and a recommendation from City Council is that they become binding contingent upon an AA and Annexation Resolution, then these items will be scheduled for the next regular meeting before City Council (typically the following month). As part of the AA, the cost at 120% of off-site improvements for transportation mitigation on City maintained streets, water and sewer should be included. This information should be tabulated on the City's Financial Estimate Requirement Sheet for review by the City Engineer and signed/sealed by the applicant's engineer.

A definite timeline as when you can expect a decision on the CZ request is always of interest to applicants. Ultimately, there are several variables at play. The first few steps can ideally be handled within three months, depending on the response from the petitioner concerning the issues raised at the Technical Review Committee meeting. Also, if the project requires the needs for a TIA review scheduling traffic counts and finalizing analysis require a few months. Both the hearings on the rezoning of the property have to meet statutory requirements. The public hearing on the conditional district rezoning must be advertised not less than 10 days and no more than

25 days prior to the hearing by Ordinance and Statutes. Finally, the Planning Commission meets on the first Monday of every month and the City Council meets on the second Monday of each month.

### *Cost Benefit Analysis*

A Cost Benefit Analysis (CBA) is an economic evaluation technique that measures all the positive (beneficial) and negative (costly) consequences of decisions in monetary terms. As annexation requests are made to the City of Mount Holly, the City Council has always carefully evaluated the benefits and detriments from a cost to serve perspective. The analysis is critical to making sure that as the City grows the financial considerations for growing do not hinder the existing citizens of Mount Holly. The metrics evaluated are based on each department of the City and their cost to serve the proposed area as well as the potential revenues gained by a new development.

The data required for this is based on the current revenue rates adopted by the City, County and State as applicable. The revenues and expenditures are based on the adopted fiscal year budget by the City at the time of the annexation hearing. For example, an applicant may submit in January for annexation, but if the actual hearing occurs after June 30th, then the new fiscal year budget will be used. Other information is utilized for the analysis, which is from the US Census of Mount Holly's estimated population and the per capita factor (number of people per house).

The revenues are based on the average Market Comparable Tax Value (MCTV) of three (3) sites located in the Gaston County area for the similar project proposed. The three (3) MCTV should be provided by the applicant based on the type of proposed development or housing unit they intend to build. For project types that are not readily available for comparison in Gaston County, then consideration for other MCTV can be permitted. For a site to be eligible as one of the MCTV locations, it must meet the zoning, land use, site specific elements and architectural make up of structure proposed by the applicant. If the elements of the development aren't easily defined and relatable to other common land use types, then the Cost Benefit Analysis may be adjusted to account for specialization of the development and allow the City to appropriately determine the cost benefit.

Utilizing this information, each City department looks at the site specific conditions and evaluates the ability to service the project. They do this by measuring the cost to serve the existing citizens and the projected cost to serve the proposed project. The outcome of this review provides feedback from the department representatives on the existing capacity cost and if any additional required capacity with the associated cost. The CBA also looks at future years to determine when the additional required capacity cost will need to be provided by the City.

### *Design Guidelines Matrix*

Since December 2006, the City has reviewed annexation requests through a quid pro quo process after petition by the owner of property outside the City's municipal limits. The adopted Design Guidelines for Voluntary Residential Annexation continue to serve as the overriding document. City Council continues to support annexation requests that are well-designed and sought-after places to live, work and play because of the goals to increase economic value, enhance community image and improve the quality of life in Mount Holly. The Design Guidelines are not considered part of the cost benefit analysis, but instead, this document is intended as a guide during review of conditional zoning requests.

Taking the quid pro quo process a step further, the matrix is setup to clearly present categories that the City has identified are important factors in considering an annexation request. The matrix allows a petitioner to understand early in the process what the City Council places value towards and what can be considered important as they consider moving through the development process with the City. Through the methodology and by referring to the matrix, each category has a range of value that can be equitably measured. The quantitative score reflected from an annexation petition request and the plan review allows an objective outcome.

Over time the evaluation of criteria by the City should be conducted to assure that they are appropriate with adopted plans. Also, at the inception of this process it is understood that there might be criteria not incorporated in the matrix, but under special circumstances are presented by the applicant for consideration. The review of any additional criteria and the scoring of that criteria will be vetted through the City's Technical Review Committee (TRC) for recommendation to City Council for consideration.

### *Agreements for Development Approval*

Certain agreements for annexations must be reviewed and approved by City Council. These include Annexation Agreements, Development Agreements or other forms of agreements permitted by the NC General Statutes. The following documents should be incorporated into the final Annexation Agreement based on mitigation requirements identified and agreed in writing by the applicant prior to the final approval. The following outlines each document as well as responsible parties:

1. **Petition Requesting Annexation for a Contiguous or Non-Contiguous Property:** Once this application is submitted to the Planning Department, it must be certified for sufficiency by the City Clerk. As part of this process, the City Clerk will send the metes and bounds of the proposed property requested for annexation to the City Attorney for review.
2. **Transportation Mitigation Agreement (TMA):** The TMA summarizes development plan, phasing and timing of development as applicable, site access and points of ingress/egress, on and off-site improvements required, and trigger points and deadlines for construction of any improvements relating to the vehicular, pedestrian or bicycle needs of the City. The TMA should be prepared by the Planning Department and agreed to by the applicant prior to the approval of the annexation.
3. **Utility Mitigation Agreement (UMA):** The UMA identifies benchmarks required by development proposed and is based on the public water and sewer capacity impacts caused by the applicant's proposed development. The UMA should be prepared by the Utilities Department and agreed to by the applicant prior to the approval of the annexation. As part of the UMA and referenced in the Annexation Agreement should be a Letter of Credit amount reviewed and approved by the City Engineer for the cost of any extension of public utilities for the development.
4. **Annexation Agreement (AA):** The Annexation Agreement presented to City Council for approval after a public hearing. The AA incorporates the elements of the TMA and UMA as well as other conditions of approval agreed to by the applicant consistent with the NC General Statutes for annexation as Exhibits. In addition, the Conditional Zoning Plan should be recorded with the Register of Deeds. To assist with the finalization of the Annexation Agreement, a scoping meeting can be held with the applicant, appropriate City staff and the City Attorney. This is recommended to occur before the public hearings before the

Planning Commission and City Council. The Planning Department will draft the AA to be sent to the applicant and City Attorney for review.

5. Annexation Map: A survey map of the area should be prepared by the applicant and reviewed by the City. At least two (2) mylar copies of the map will be reviewed and signed by the City ahead of the applicant having them recorded with the Gaston County Register of Deeds. One recorded copy should be returned to the Planning Department.
6. Annexation Resolution: The Annexation Resolution documents the decision by the City Council for the annexation. The Planning Department will prepare the Resolution to be sent to the applicant and City Attorney for review.
7. Rural Fire Department Debt: Also, as part of the annexation process under NCGS 160A-31.1 or 160A-58.2a, Assumption of Debt for rural fire department should be followed. This information is not part of the Cost Benefit Analysis as it is the City of Mount Holly's policy that any debt to be paid is the responsibility of the applicant and should be accounted for during the Annexation Agreement process. The Planning Department will coordinate with the Fire Department who will work with the Rural Fire Department. This information will then be distributed to the City Attorney for review.

Template examples of these documents including other documents such as Subdivision Agreements and Letters of Credit can be provided with this policy. The City reserves the right to amend these templates as needed or as the specifics of an applicant's request are considered.