

EXHIBIT C

DRAFT STAFF EVALUATION REPORT (2017)
N May Avenue and NW 206th Street (Ward 8 (tentative))

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REQUEST

In November 2016, the City of Oklahoma City received a petition from a property owner requesting to be annexed into the City's corporate limits. The City Clerk verified the signatures and the City's property management staff mapped the legal description included in the petition.

As a companion item, the property owner submitted an application to zone the site as an R-1 residential district.

EXECUTIVE SUMMARY

In response to the petition to annex approximately 160 acres southeast of N May Avenue and NW 206th Street, staff prepared this Evaluation Report which includes:

- Information from the petition itself;
- Feedback and analysis from the Public Works, Utilities, Parks and Recreation, Police, Fire, and Planning Departments, and
- Feedback from an Ad-hoc Council Committee on Annexation and Deannexation.

The Evaluation includes the following **key findings**:

1. Oklahoma City could receive \$1,040,000 to \$2,027,000 in impact fees
2. Oklahoma City could incur between \$441,900 and \$799,500 in new service costs
3. Oklahoma City could receive \$190,600 to \$363,000 per year in property taxes
4. Oklahoma City could receive \$161,000 to \$306,000 per year in sales taxes
5. Incorporating additional undeveloped land into Oklahoma City is unnecessary from a land supply perspective.

Staff recommends that:

1. The petition for annexation be **approved with the following changes OR denied for the following reasons**
 - a. The annexation boundary be reduced by approximately 33 feet along the north boundary to exclude all of the adjacent right-of-way for NW 206th Street.
 - b. The annexation boundary be extended approximately 33 feet to the west to include all of the adjacent right-of-way for N May Avenue.
 - c. The petitioner(s)/applicant(s) must obtain a full release from the Deer Creek Rural Water Corporation where the Deer Creek Rural Water Corporation formally removes this parcel of land from their loan documents and their service area.

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1. SITE DESCRIPTION

a. Site Petitioned for Annexation

i. SIZE, LOCATION, AND AERIAL PHOTOGRAPH

The Site petitioned for annexation is 160 acres, a quarter section, located southeast of the intersection of N May Avenue and NW 206th Street (Covell Road in Edmond). Figure 1 shows the relative location and size of the Site in Oklahoma County, north of Oklahoma City and west of Edmond.

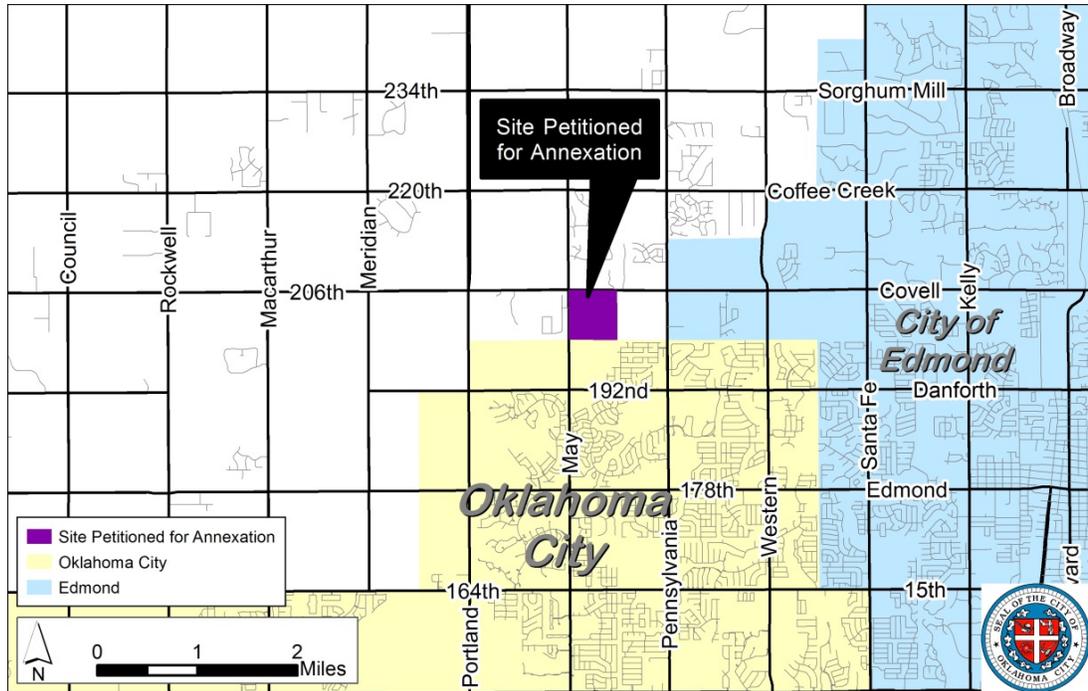


Figure 1: Site Location Map

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Figure 2 shows an aerial photograph of the Site bounded by NW 206th Street on the north, the half-section line between N May and N Pennsylvania on the east, the Oklahoma City boundary on the south (at the half-section line) on the south, and by N May Avenue on the west.

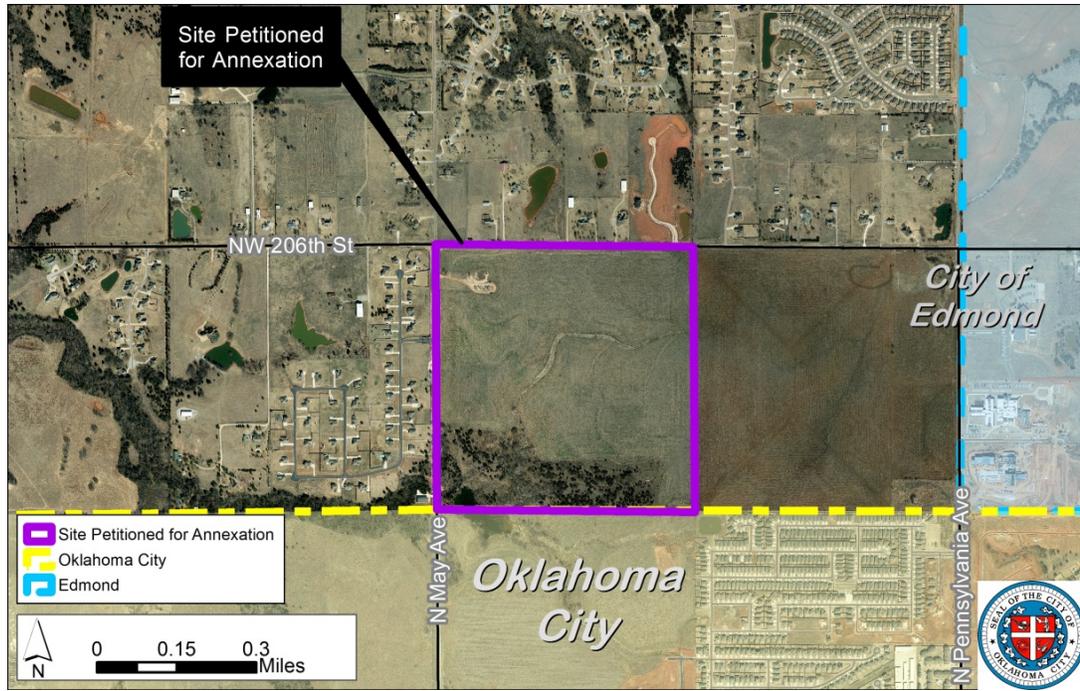


Figure 2: Site Map

ii. **CURRENT LAND USE AND ZONING**

The Site shows evidence of recent agricultural activity and there is an oil well in the northwest corner. The Site is zoned for “Agricultural and Rural Residential” in Oklahoma County.

iii. **OWNERSHIP**

The Site is a single parcel owned by Garrett Development, LLC.

iv. **planOKC LAND USE TYPOLOGY AREA**

If the Site were to be annexed into the City of Oklahoma City, the Urban – Low Intensity Land Use Typology Area (LUTA) would be appropriate. The UL LUTA is applied to those areas of Oklahoma City that are the least intensely developed areas which still receive urban water, sewer, police, park, and fire services. Developments in the UL area should provide horizontal and/or vertical integration of land uses, connectivity within and between individual developments, and design that facilitates pedestrian and bicycle transportation.

Figure 5 shows the Land Use Typology Areas near the Site.

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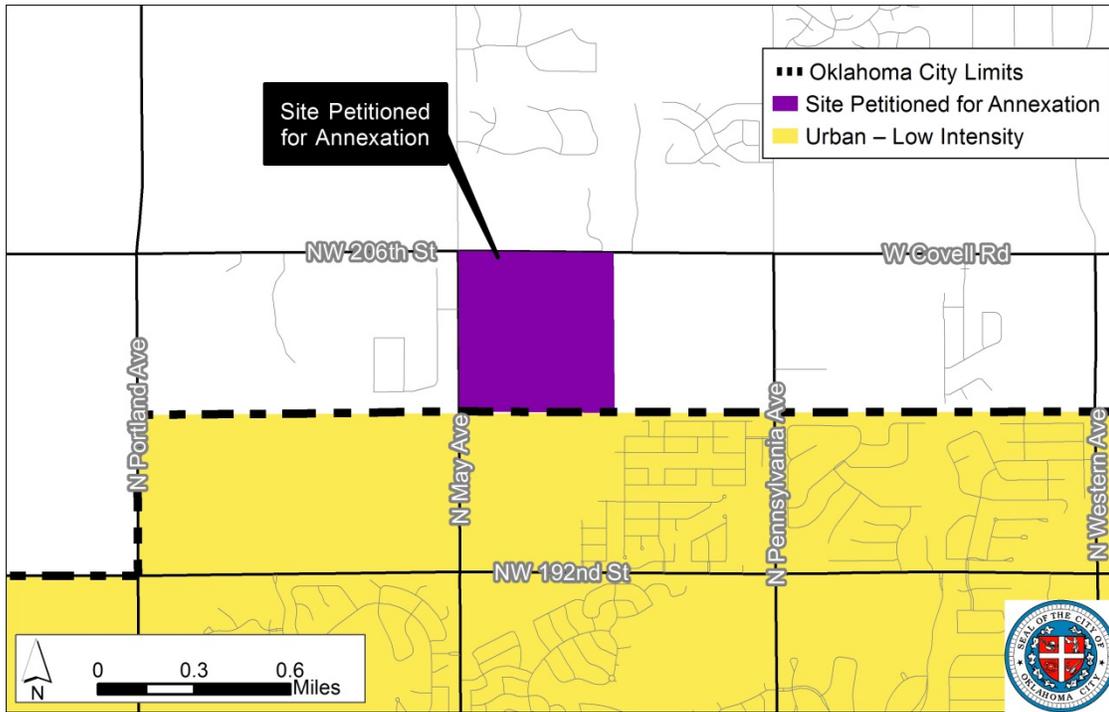


Figure 3: planokc Land Use Typology Areas (LUTAs)

b. Surrounding Area Description

i. DENSITY AND DEMOGRAPHICS

Within an Analysis Area, approximately 1½ miles of the Site as shown in Figure 3, there are more than 4,200 acres of undeveloped land and 1,500 acres of land developed with some type of improvement. Those improvements include 3,970 residential units and 33,000 square feet of commercial and retail uses. The current gross residential density is approximately 2.8 dwelling units per acre, which is typical of Oklahoma City’s least intensely developed urban areas.

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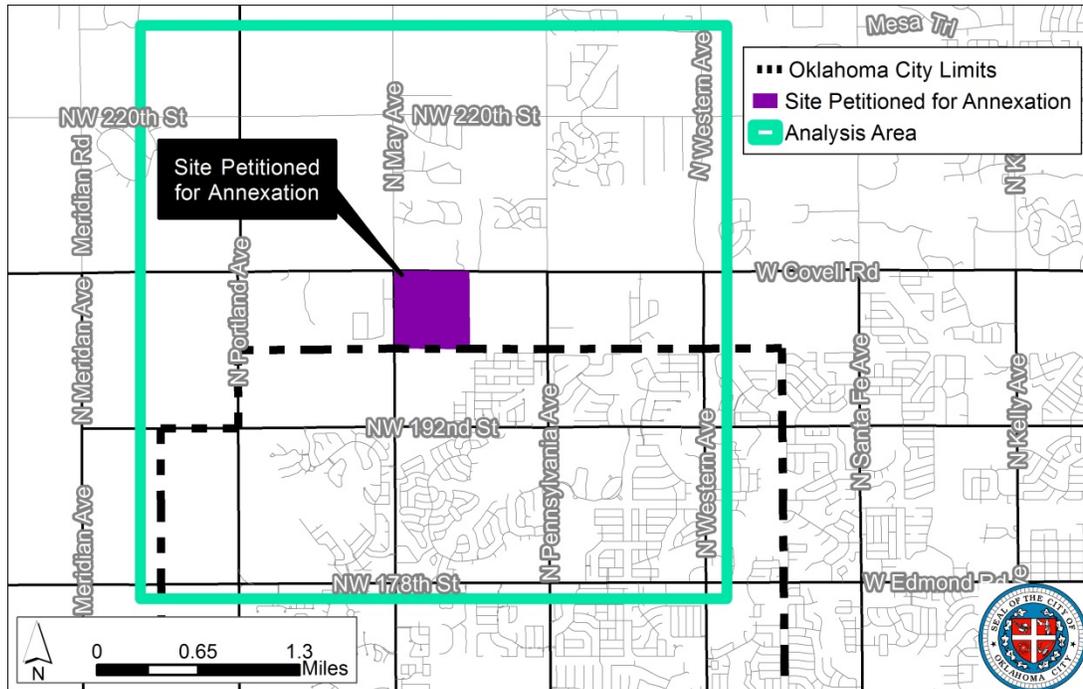
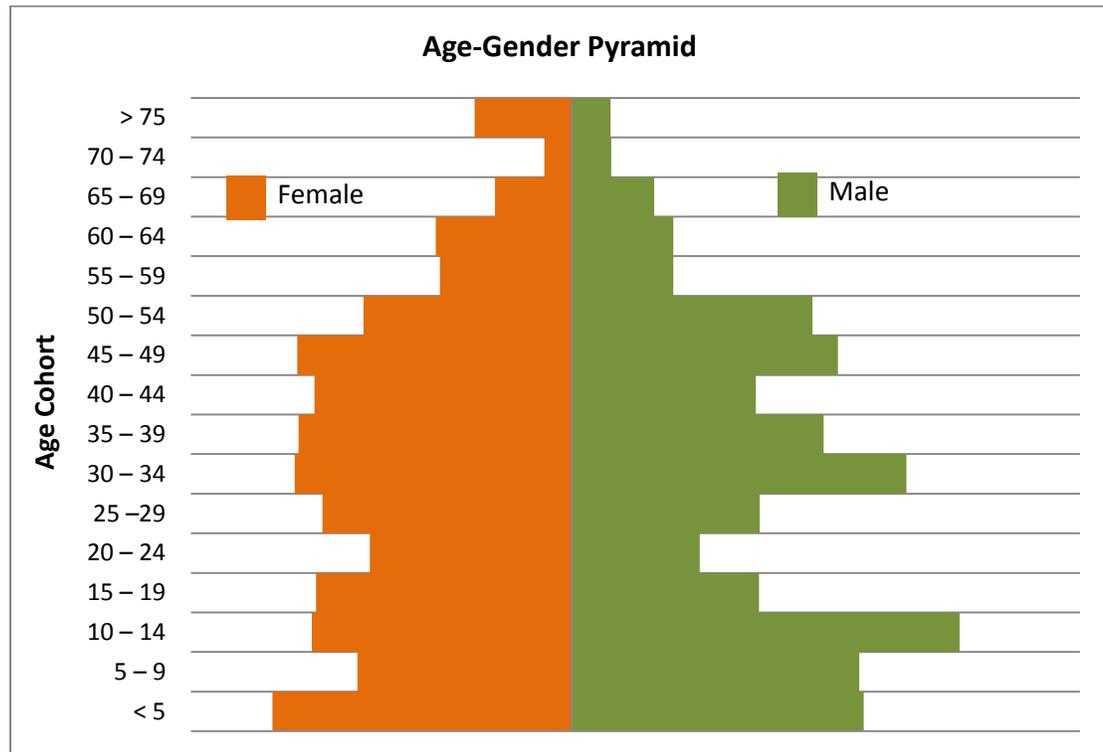


Figure 4: Analysis Area

As of the most recent census data available, approximately 15,800 people live in the Analysis Area. The Area is overwhelmingly populated by families with school-age children (97% of households). The graph below displays this population distribution. The median household income in the area is more than \$102,000 per year. The area has a residential occupancy rate of 92%.



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ii. AMOUNT OF URBANIZED LAND

Approximately 1,500 acres in the Analysis Area are developed with an improvement. Single family residential uses occupy 1,400 of the developed acres (95%). The remaining 5% includes churches, schools, and light industrial uses.

The zoning in the area reflects the suburban development pattern of new growth areas prevalent in Oklahoma City since the late 20th century. Figure 4 shows the zoning classifications in the area near the site. In both Oklahoma City and Oklahoma County most of the zoning classifications – including standard districts such as R-1 as well as PUDs, are focused on single family residential uses of varying lot size, from small acreages to zero-lot line. A small amount of suburban commercial is allowed in most of the PUDs in the area.

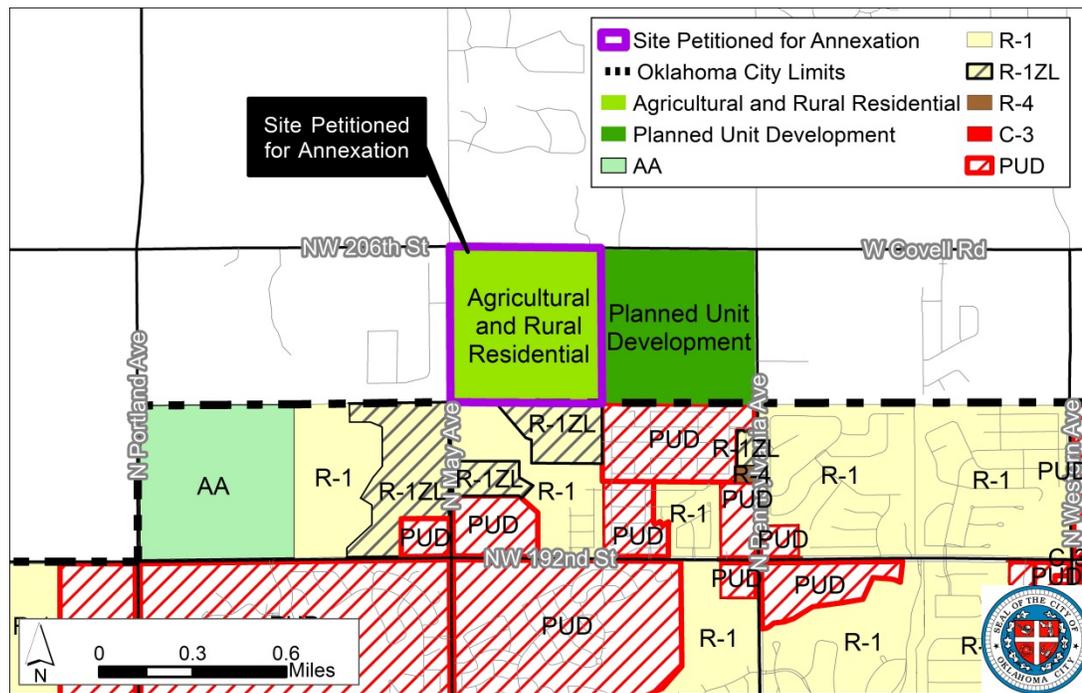


Figure 5: Zoning (Oklahoma County (green shades) and Oklahoma City)

2. MUNICIPAL INVESTMENT AND SERVICE PROVISION

a. Oklahoma City

This section summarizes the City’s existing capital assets and projected or upcoming investment projects in the area.

i. EXISTING OR PLANNED SERVICES AND/OR UTILITIES

The Site is adjacent to developments currently served by Oklahoma City’s water, wastewater, and drainage systems. Figure 6 shows the current extent of the city’s utility systems less than ½ mile from the Site. For wastewater service, the lift station and upstream gravity mains currently under construction to serve the Castleberry development within City limits were designed to be able to serve this quarter section since it is within the natural drainage basin of the lift station and was in an undeveloped state. However, proposed densities were provided by the Site’s engineer and these proposed densities cannot be exceeded. For the water system, even though the City water system is within close proximity to and could serve the Site, the Site is within the service jurisdiction of the Deer Creek Rural Water Corporation. As such, the City cannot provide

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water service unless the applicant(s)/petitioner(s) secure a full release from the Deer Creek Rural Water Corporation that would then allow the City to provide legal water service to the Site. A full release from the Deer Creek Rural Water Corporation where the Deer Creek Rural Water Corporation formally removes this parcel of land from their loan documents and their service area will therefore be a condition or prerequisite of the annexation.

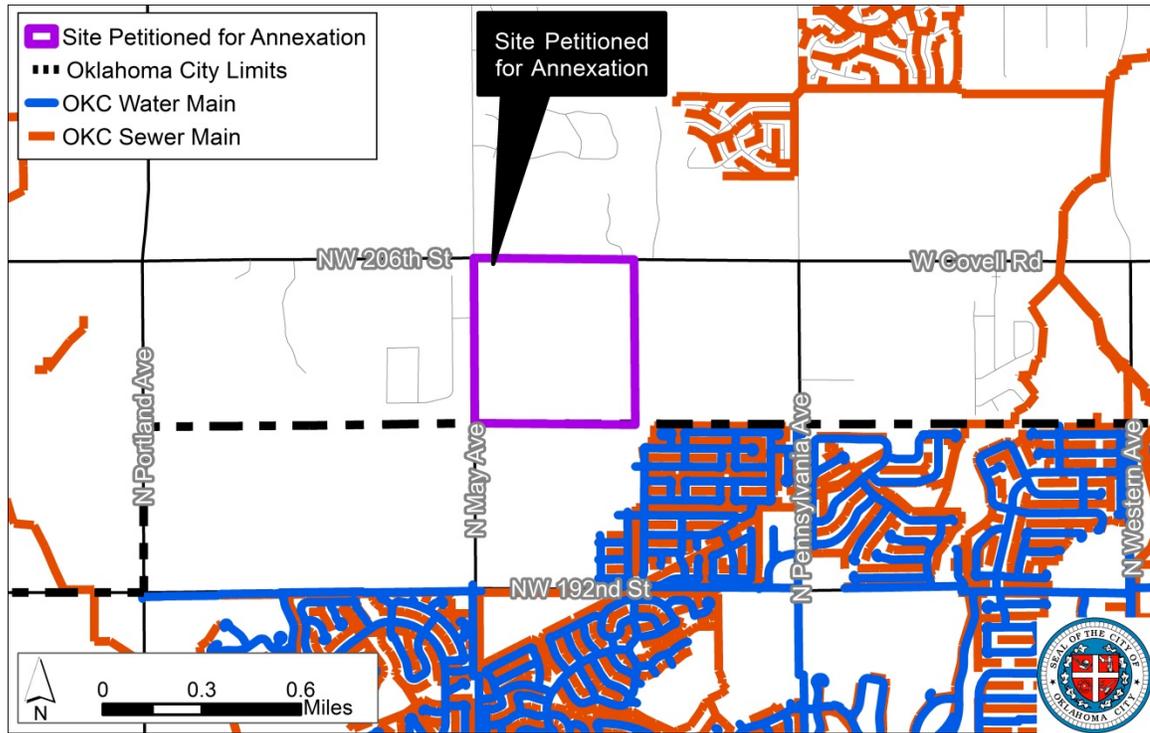


Figure 6: Oklahoma City Utilities

Figure 7 shows the current drainage infrastructure near the Site.

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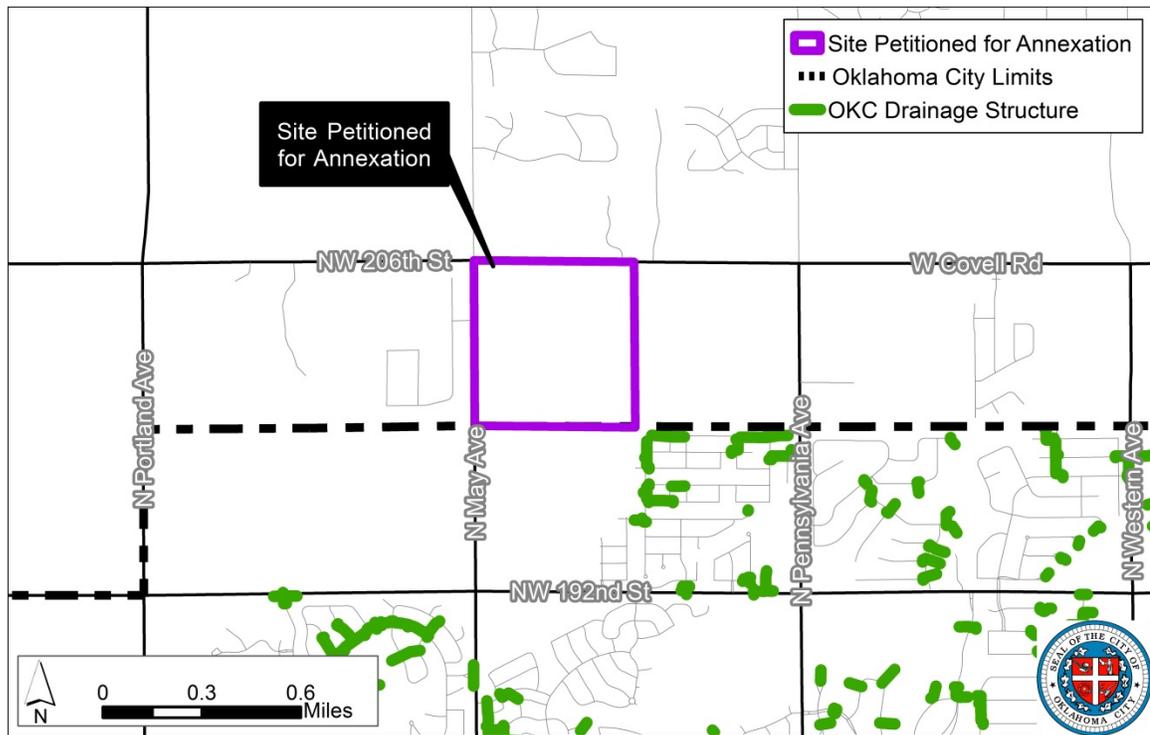


Figure 7: Oklahoma City Drainage

ii. SERVICES NOT AVAILABLE

Parks and Recreation: The Site is more than 4 miles from the nearest public park – Redlands Park between Pennsylvania Avenue and Western Avenue north of Memorial Road. According to the 2013 Oklahoma City Parks Master Plan, there are no long-range plans to create new local parks in this part of Oklahoma City.

Transit: There are no plans to extend Embark transit services to the Site or areas nearby. Route 5 serves the Quail Springs area and Mercy Hospital approximately 4 miles south of the Site.

iii. POLICE SERVICE

Figure 8 shows 49 Priority 1 calls for Police service in the area from 2012 through 2016. The typical response time in this area is less than 14 minutes, compared to 9.8 minutes citywide.

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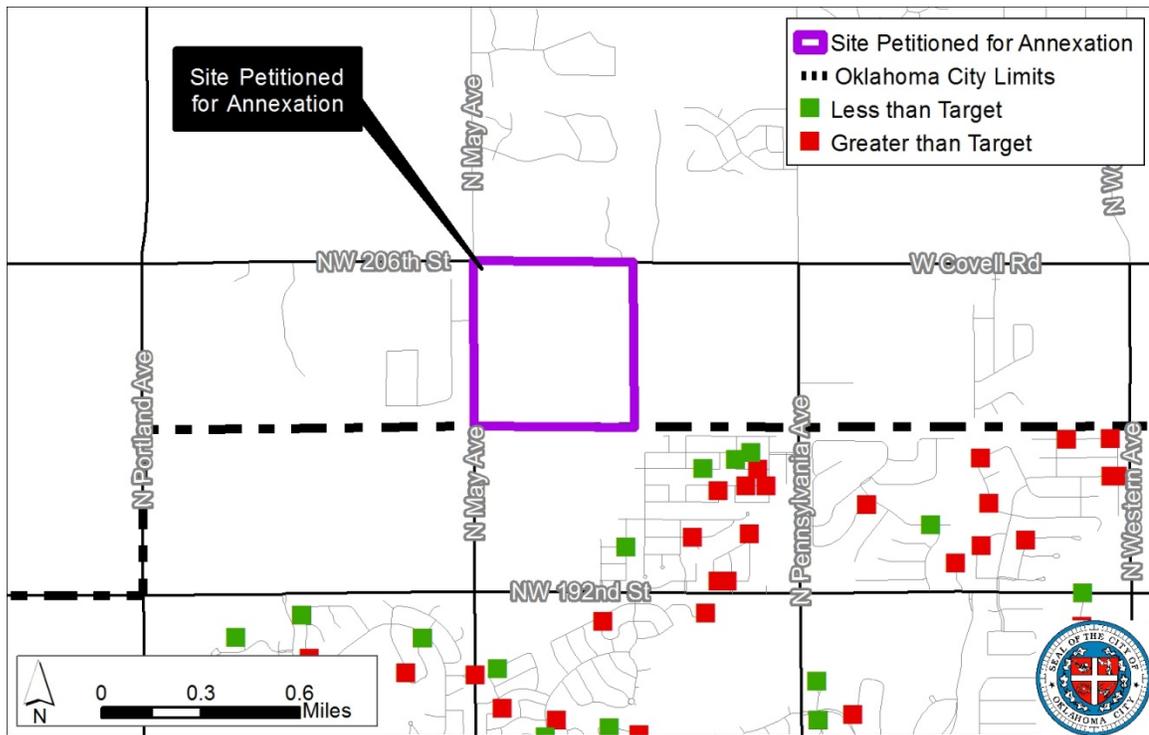


Figure 8: Police Service Calls, 2012-2016

iv. FIRE SERVICE

Figure 9 shows service calls in the area for Fire in the past 5 years. The typical response time in this area for the Priority 1 calls (shown below) is less than 7 minutes.

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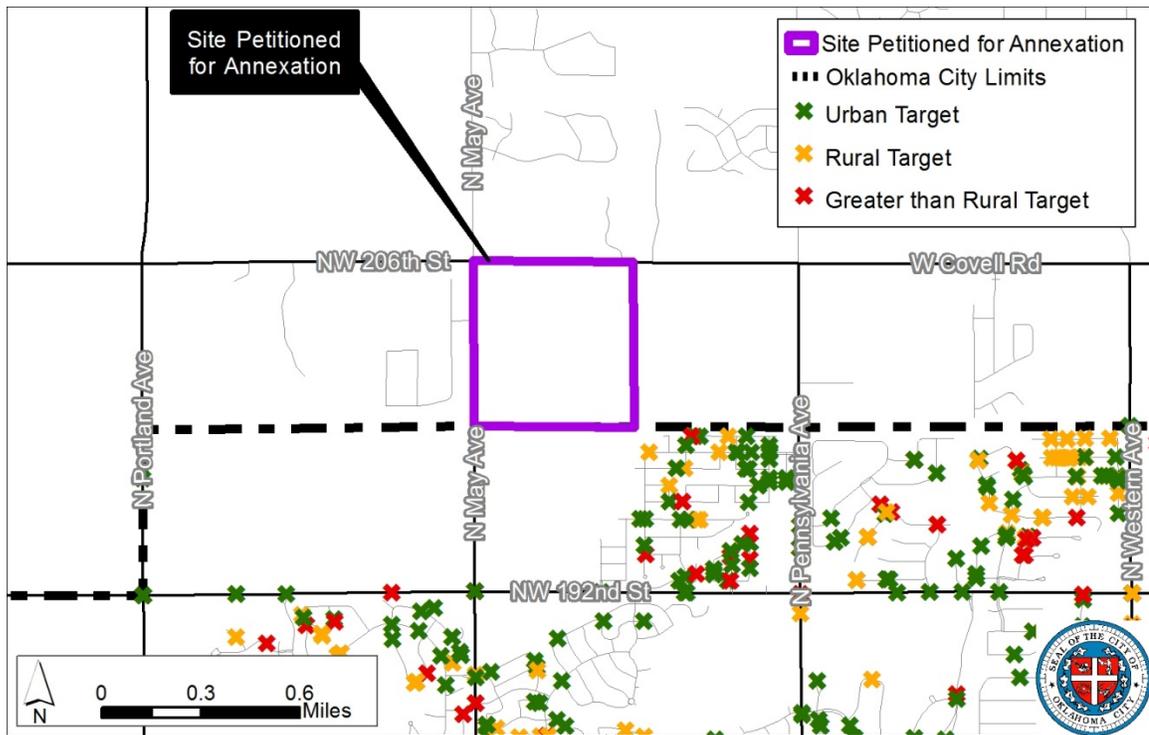


Figure 9: Fire Service Calls, 2012-2016

Fire Station 37 is approximately 3½ miles from the Site. Figure 10 shows the predicted fire efficiency (from planokc) for the site to be greater than the rural response target of 8½ minutes.

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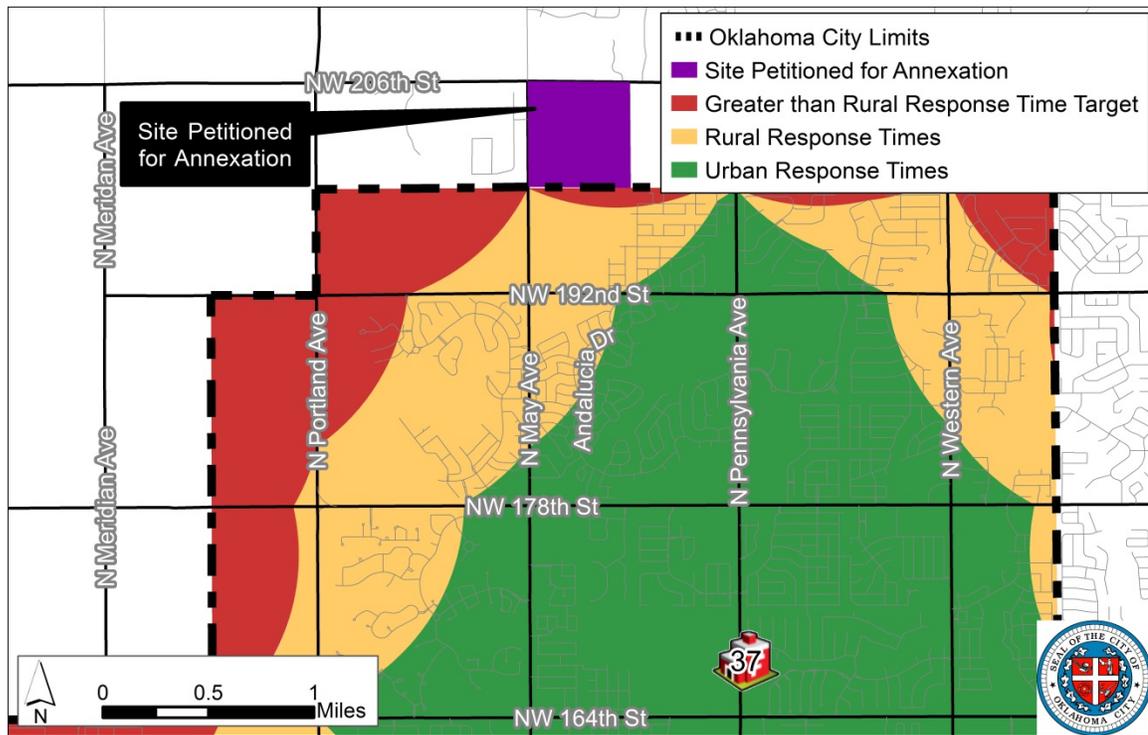


Figure 10: Predicted Fire Response Efficiency

v. RECENT AND UPCOMING CITY PROJECTS AND INVESTMENTS

Oklahoma City owns and maintains a variety of infrastructure and facilities. These capital assets require both routine maintenance and occasional rehabilitation or improvement. Figure 11 shows recently completed or upcoming capital projects related to widening and improving the arterial road network in the vicinity of the site. These projects total more than \$34 million.

Additionally, under Policy B-1, the Oklahoma City Water Utilities Trust will be purchasing oversized wastewater infrastructure that is currently under construction to serve the Castleberry development. This project will ensure that adequate sewer service is available to meet development needs for the entire drainage basin. The Oklahoma City Water Utilities Trust cost for these wastewater improvements is approximately \$350,000.

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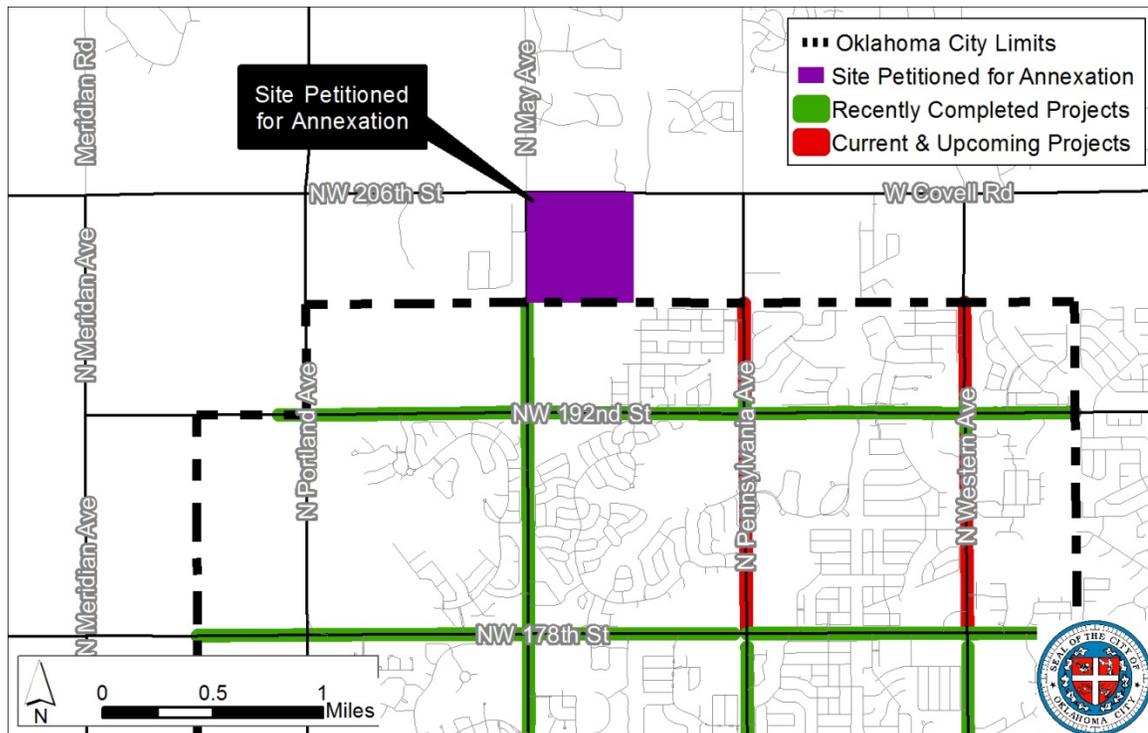


Figure 11: Recent (Past 10 Years) and Upcoming City Projects [map/figure will be updated soon with ongoing wastewater project]

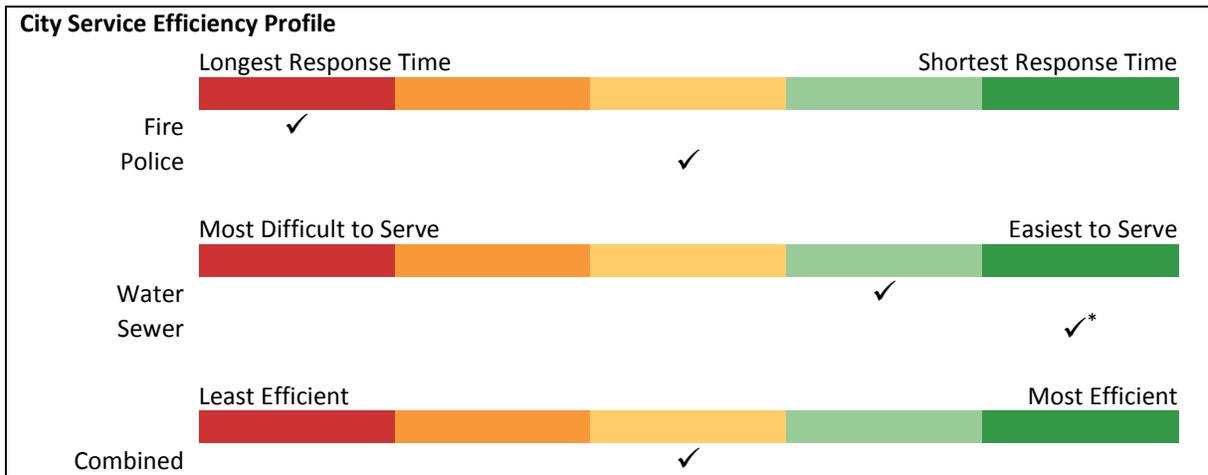
3. CITY SERVICE EFFICIENCY

To evaluate our ability to provide efficient services throughout the city, the Planning Department coordinates with the Finance, Fire, Police, Public Transportation, Public Works, and Utilities Departments. A variety of indicators such as existing infrastructure capacity, connectivity, contiguity, as well as cost and level of service are examined and evaluated to inform long-range planning policies and decisions. The following sections describe the relative availability and efficiency to provide major City services in the far north-central portion of Oklahoma City (north of NW 178th St, between Santa Fe and Portland avenues).

The service efficiency profile below displays the relative efficiency of each major service. The site is projected to have longer than preferred response times for Fire services. A new fire station in the area would be required to improve predicted response times. Due primarily to the limited route choices and low number of road connections in the area near the Site, response time for Police calls are expected to be longer than preferred. Only moderate capital investment should be required to connect the site to nearby City water and wastewater, as indicated by the predicted efficiency. However, for City water service, this will be conditional based on the petitioner(s)/applicant(s) obtaining the required formal release from the Deer Creek Rural Water Corporation. The combined service efficiency for the site is moderate, primarily limited by the ability to provide efficient Fire service.

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*includes consideration of the project currently under construction

4. INFRASTRUCTURE COSTS AND NEEDS

a. Major Service Costs

Service costs vary depending on the type of the service and the intensity of the development pattern. Most of the service costs are associated with fire protection and emergency medical calls, police calls, and street maintenance and repair. The following table summarizes the estimated annual cost to provide these services to the site assuming it is developed with between 490 and 925 residential units (490 units/160 ac = 3.1 units per ac; 925 units/160 ac = 5.8 units per ac)¹

Service Type	Unit Cost, expected ²	Number, expected ³	Total Cost, per year
Fire & EMS	\$2,115 per call	87 - 167 per year	\$185,700 – \$353,800
Police	\$303 per call	690 – 1,315 per year	\$209,600 – \$399,200
Street Maint.	\$7,000 per lane mile	6.6 lane miles	\$46,555
Total			\$441,900 – \$799,500

b. Projected Revenue

Revenue sources include impact fees and sales and property taxes. Impact fees are used to provide additional capacity related to streets, parks, and utilities. Property taxes are used to build and repair infrastructure and sales taxes are used to fund operations, such as public safety. Based on the anticipated scale and type of development proposed, the following table summarizes the projected revenue.

¹ A companion zoning application for R-1 has been submitted. If the site is developed with 6,000 square foot lots and a minimum of improvements such as streets, parks, and open spaces, as many as 925 lots could be platted; if larger lots are considered along with more or larger public areas then approximately 490 lots would be expected.

² Unit costs were estimated by taking the total budget for the type of service and dividing by the number of calls (or miles). For example, in FY16 OCPD had a budget of \$186,695,241 and received 616,215 calls, which calculates to \$302.97 per call.

³ Estimated number of services based on development pattern in Oklahoma City's Urban – Low Intensity LUTA. Calls per unit were used to generate the range of expected calls. For example, there are approximately 34,500 calls per year for Fire service in UL. The UL area contains 187,236 residential units. That results in 0.18 fire calls per residential unit per year.

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Estimated Annual Revenue			
Revenue Type	Unit Value	Quantity Expected*	Total Revenue
Property Tax	\$0.18 per sq. ft. (OKC portion)	1,000,000 sq. ft. –	\$190,600 per year –
		2,000,000 sq. ft.	\$360,000 per year
Sales Tax	\$330 per res. unit ⁴	490 res. units –	\$161,000 per year –
		925 res. units	\$306,600 per year
Total			\$351,600 per year – \$669,600 per year

*avg. 2,200 sq. ft. per unit

Estimated One-Time Revenue			
Revenue Type	Unit Value	Quantity Expected*	Total Revenue
Impact Fees, streets	\$0.33 per sq. ft.	1,000,000 sq. ft. –	\$330,000 –
		2,000,000 sq. ft.	\$660,000
Impact Fees, parks	\$0.1147 per sq. ft. (private park)	1,000,000 sq. ft. –	\$114,700 –
		2,000,000 sq. ft.	\$229,400
Impact Fees, water system development fee	\$1,000 ea.	490 res. units –	\$490,000 –
		925 res. units	\$925,000
Impact Fees, sewer system development charge	\$100 ea. + \$50 per bathroom	490 res. units –	\$109,770 –
		925 res. units	\$209,088
Total			\$1,040,000 – \$2,027,000

*avg. 2,200 sq. ft. per unit; 5/8" water connection; 2.5 bathrooms

5. SUMMARY

Oklahoma City received a petition for annexation for a 160-acre site at the southeast corner of NW 206th Street and N May Avenue. The property owner, a local land developer, proposes to zone the site for single family detached residential units. The site is currently in unincorporated Oklahoma County. If annexed into Oklahoma City, the site would receive public water, sewer, police, fire, and other services from Oklahoma City.

Land use in the area near the site include a mixture of single family residential, large lot residential, agricultural, and oil and gas uses.

The Site could be served by Oklahoma City utilities and drainage. There are no plans to increase service levels for parks, fire, or transit in this part of the city.

Oklahoma City has more than \$34 million of recent and upcoming infrastructure projects within a few miles of the Site.

⁴ According to the 2014 Oklahoma City Retail Plan, Oklahoma City households spend approximately \$21,300 per year on retail goods. For the proposed development, approximately half way between OKC and Edmond, the assumption is that 40% of that amount is spent inside Oklahoma City, with the remainder being spent online and in Edmond or elsewhere. With a sales tax rate of 3.875%, that yields \$330 per residential unit per year in sales tax revenue.

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This area of Oklahoma City is moderately efficient for urban levels of service, meaning that either it already receives urban services or could receive them with small improvements or expansions of the existing system. The notable exception is Fire and Emergency Medical Services, which would require the construction and staffing of a new fire station to improve service levels to the ideal standard.

planokc, adopted in July 2015, supports “annexation or deannexation actions that improve City service efficiency; improve fiscal sustainability; and/or contribute to regional goals related to transportation systems or environmental resources” (policy SE-22).

a. Pros and Cons of Requested Annexation

The following items may support annexing the site into Oklahoma City and allowing development as proposed.

- **Property Tax Revenue:** Oklahoma City could receive between \$190,600 and \$363,000 per year in property taxes.
- **Sales Tax Revenue:** Oklahoma City could receive between \$161,000 and \$306,600 per year in sales taxes from retail spending by the households in the proposed development.
- **Impact Fees Revenue:** Oklahoma City could receive between \$1,040,000 and \$2,027,000 in impact fees to help increase infrastructure capacity in this area of the city.
- **Regional Considerations of new growth:** If the site is developed in Oklahoma City, it can achieve higher densities than in the county. Benefits from building the same units in the City versus spreading them out over a larger area in the County include:
 - Improved transportation efficiency and air quality due to shorter trips for the future households;
 - More efficient service delivery.

The following concerns are associated with annexing this site.

- **Service and Maintenance Costs:** Once the site is developed Oklahoma City will spend approximately between \$430,700 and \$788,400 per year to provide the site with police, fire, and street maintenance services.
- **Fire Service:** In order to provide preferred response times for Fire and EMS, a new station would need to be constructed closer to the Site. There are currently no plans to build a new fire station in this area.
- **Land Supply:** Oklahoma City has thousands of acres of undeveloped land with immediate access to urban services in the northwest area. From this perspective, adding additional undeveloped land that is outside our current service area is unnecessary at this time.

b. Impacts of Annexation

As the site develops some impacts to nearby areas could include increased traffic and additional opportunities for increase sales tax leakage, as new residents will shop both in nearby Edmond as well as Oklahoma City. However, these impacts will occur whether the site develops inside Oklahoma City or not. The question is only the degree of impact, since allowed densities are lower under County regulations. If the Site develops in Oklahoma City, Oklahoma City has some options to mitigate these impacts, including impact fees, property tax revenues, and control over the land use, zoning, and density.

6. STAFF RECOMMENDATION

Staff recommends that the petition for annexation be **????** based on the following key considerations.

- The annexation boundary be reduced by approximately 33 feet along the north boundary to exclude all of the adjacent right-of-way for NW 206th Street.
- The annexation boundary by extended approximately 33 feet to the west to include all of the adjacent right-of-way for N May Avenue.

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- The petitioner(s)/applicant(s) must obtain a full release from the Deer Creek Rural Water Corporation where the Deer Creek Rural Water Corporation formally removes this parcel of land from their loan documents and their service area.
- If annexed, Oklahoma City will have ability to control the zoning, density, and land use, and provide more efficient services to the proposed units.
- Locating the prospective households in the close proximity allowed by Oklahoma City's development regulations would provide regional transportation and air quality benefits.
- Oklahoma City's ability to provide efficient fire and EMS services to the site.

7. ATTACHMENTS

Petition for Annexation

Notification Affidavit