

Preliminary Evaluation of Riverlea Annexation

Prepared by the City of Worthington
March 2011

Riverlea Demographics

- Census
 - 545 residents
 - 236 housing units
- ESRI Projections
 - 80.9% owner-occupied housing
 - \$48,935 per capita income
 - \$100,453 median household income
 - \$218,500 median home value
 - 48.9 years – median age

Worthington Demographics

- Census
 - 13,575 residents
 - 5,940 housing units
- ESRI Projections
 - 75.49% owner-occupied housing
 - \$37,047 per capita income
 - \$75,434 median household income
 - \$191,333 median home value
 - 47.1 years – median age

Annexation Process

- ✓ 1. Petition of 25% of electors
- ✓ 2. Riverlea Ordinance appointing commissioners within 30 days of #1
3. Worthington Ordinance appointing commissioners within 30 days of #2
4. Commissioners agree to terms within 120 days of #3
5. If can't agree, Probate Judge appoints 7th commissioner
6. Annexation conditions submitted to Riverlea & Worthington
6. Submit question to voters

**Worthington Services
Provided Upon
Annexation**

Engineering, Building Regulation, Planning & Zoning

- Building-related activity would be reviewed and regulated by the City
 - Riverlea averages 15 building permits per year
 - Projected revenue: \$2,250
 - Limited operational impact
- Architectural Review
 - High Street properties become part of district
 - Remainder of Riverlea would not automatically be included
 - would be subject to negotiations

Fire & Emergency Medical Services

- City currently provides these services to Riverlea via agreement with Sharon Township
- No operational impact
- Riverlea residents currently pay a fire levy of 3.0 mills (effective rate: 1.489950) that would be eliminated
- City currently receives \$35,000 from the levy on Riverlea property that would be eliminated

Parks & Recreation

- City would take over maintenance of small park-like circles on Riverglen Drive
 - Estimated annual maintenance cost: \$2,500
- Riverlea residents would have access to resident rates at Community Center and Griswold Center
 - No significant impact expected

Police

- Riverlea currently contracts for police services from Worthington
- Service level would continue
- City would not collect the fees associated with the contract - \$60,770

Public Service

- The City would provide snow/ice control, leaf collection, street sweeping, and maintenance of sanitary sewers and storm sewers, right-of-way trees, streets, signs and fire hydrants.
 - City's cost per Worthington household for services: \$121.25
 - Estimated cost to provide services to Riverlea, based on number of households: \$28,615
- Curbside pickup of refuse, recycling and yard waste would be provided via City's contract with Rumpke
 - Cost: \$46,605

Infrastructure

- **Streets, Curbs & Gutters**
 - Estimated cost of work ranges from \$1,481,000 (2006 dollars) to \$4,082,800 (2009 dollars)
 - Proposed plan: \$200,000 - \$500,000 per year for 10 years
- **Sanitary Sewers**
 - Estimated cost of work needed: \$1,000,000
 - Proposed plan: Issue bonds and pay \$32,350 for 30 years
- **Water Lines**
 - Limited information available
 - Break history suggests that while the lines are old, they could be in service for a long time
- **Storm Sewers**
 - No information

Financial Analysis

Property Tax

- Riverlea residents currently pay an effective millage of slightly over 76 mills
- Worthington residents pay an effective millage of a little over 72.5 mills
- With annexation, Riverlea residents would see a decrease of slightly under 3.5 mills (effective rate)
- The City would collect \$117,000 in property tax from Riverlea (5 mills)

Income Tax

- Worthington's rate: 2.5%
- Riverlea residents who work in Worthington or Columbus would see no change in tax liability
- Riverlea residents that work in a city with a lower tax rate would pay the difference to Worthington
- Riverlea residents that work at home or in a community without an income tax would pay the 2.5% to Worthington
- Information is not available to allow a calculation of the new income tax revenue that would be collected from Riverlea by Worthington

Estate Tax & Local Government Fund

- Riverlea averages \$36,800 in estate tax collections
- Riverlea will receive \$24,725 from the Local Government Fund in 2011
 - Based on the Governor's budget, they will receive \$18,543 in 2012 and \$12,362 in 2013

License Tax & Gas Tax

- The Village charges \$15 per vehicle licenses
- The City charges \$20 per vehicle license
- Riverlea residents would pay an additional \$5 per vehicle under annexation
- The City would receive \$9,020 from vehicle licenses in Riverlea
- The Village receives \$20,000 in Gas Tax revenue

Sewer & Water Surcharges

- Worthington charges \$1.50 per cubic foot of water used in sewer and water surcharges
- Riverlea does not apply a surcharge
- Average household uses one cubic foot of water per month
 - Average: \$18 surcharge per year
- Project revenue: \$4,248

Debt

- Riverlea does not have existing debt

Expense Summary (New)

Preliminary Projection of Annual Expenses

Parks Maintenance	\$2,500
Service Department Maintenance	\$28,615
Solid Waste Collection	\$46,605
Street, Curb, Gutter Repair & Replacement	\$200,000 – \$500,000
Sanitary Sewer Repair & Replacement	<u>\$32,350</u>
	\$310,070 - \$610,070

Does not include: Waterline repair & replacement
Stormwater system repair and replacement

Revenue Summary (New)

Preliminary Projection of Annual Collections

Building Permits	\$2,250.00
Township Fire Reduction	(\$35,000.00)
Police Contract Reduction	(\$60,770.04)
Property Tax	\$117,000.00
Estate Tax	\$36,800.00
Water & Sewer Surcharge	\$4,248.00
State Local Government Fund	\$12,362.50
License Tax	\$9,020.00
State Highway & Street Maintenance	\$20,000.00
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	\$105,910.46

Does not include: New Income Tax Revenue

Other Financial Assets

- The Village of Riverlea had fund balances at the end of 2010 of \$460,222.
- Additional information is needed to evaluate projected balances at the end of 2011

Need for Additional Analysis

- Income tax revenue projections
- Condition of Riverlea's water lines and storm sewer system
- Refinement of cost for services from the Department of Public Service
- Projection of fund balances for 2011
- Claims and litigation involving the Village
- Reserve around the Village
- Real property and zoning regulations
- Village's contracts, licenses and other agreements
- Village's investments
- Impacts on Sharon Township
- Governance structure
- Village employees