July 5, 2011

The Honorable Jenny Hunt, Vice-Mayor
Town of Bell Buckle
8 Railroad Square, P.O. Box 276
Bell Buckle, Tennessee 27020

Re: Annexation Study

Dear Vice-Mayor Hunt,

In preparation of an updated annexation study of the area commonly referred to as the “hill”, I have reviewed the 2008 Annexation Study prepared by MTAS and I visited the proposed annexation area last week. The purpose of this letter is to review the proposed annexation and development alternatives that the town may want to consider.

The topography of the proposed annexation area would require a sewer pump station for required flows from peaks and valleys within the annexation area. I believe this was also the recommendation of the town’s engineer and would be a requirement of the State Department of Environment and Conservation. When sewage does not flow from valleys in the collection system, hydrogen sulfide, which is a deadly sewer gas, tends to accumulate. The presence of the deadly gas is a danger to sewer collection system workers and possibly others.

Adjusting for inflation, I believe the current estimated cost of the sewer collection system expansion within the proposed annexation area would be approximately $500,000. In my opinion, it is doubtful that the town would qualify for a $500,000 grant to serve approximately 27 existing customers.

The streets in the area are very substandard and will require substantial capital expenditures to bring them up to an acceptable standard. The town may be looking at a cost of approximately $300,000 for streets and drainage improvements. It appears that state shared revenue and property tax revenues, coupled with sewer rates, would not generate sufficient revenue to justify the expense of the proposed annexation.

Most cities require that the development pay for the cost of streets, drainage and utilities and recover their cost from the sale of lots. The town needs to explore ways to make this happen without bearing the cost of new development.

One of the ways to make this happen is to adopt a policy of not extending utilities outside the town unless the developer petitions for annexation. Once annexation is accomplished, the town can impose infrastructure requirements and standards, which could require the developer to install streets, drainage and utilities and dedicate to the town.
Another alternative is to seek regional planning commission jurisdiction, which would require county approval; then the area would be subject to the town’s subdivision regulations and standards within the area.

A third alternative could be to phase the annexations over a period of five or more years using impact fees and utility connection fees based on system equity, capacity usage, and the actual cost of making the connection. Impact fees or assessments could be used to recover the cost of paving and street improvements. While this is an alternative, I recommend that the developer pay the cost of development. It is up to the town to explore ways to require the developer to pay for the cost of new development.

While I can proceed with the annexation study update, the cost of infrastructure improvements required upon annexation, adjusted for inflation, will be substantially in conformance with the previous annexation study estimates. A well-thought out development strategy should be a vital part of any annexation study. I can be available to meet with you to discuss the proposed annexation and development strategies.

Respectfully Yours

Ron Darden
Municipal Management Consultant