

TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

RESOLUTION # 04-04-22

A RESOLUTION ADOPTING THE FISCAL PLAN FOR THE V3 REALTY COMPANY, LLC, PETITION FOR ANNEXATION OF THE LAKE HILLS DEVELOPMENT.

WHEREAS, V3 Realty Company LLC has filed a Petition for Annexation of certain real estate abutting the Town of St. John, and known as the "Lake Hills Development"; and

WHEREAS, V3 Realty Company LLC has submitted, pursuant to statute and at the Town's request, a Fiscal Plan pursuant to I.C. 36-4-3-13; and

WHEREAS, the Petition for Annexation seeks the annexation of certain territory known as the "Lake Hills Development" and provides for an R-1 single family residential zoning designation; and

WHEREAS, the Town Council of the Town of St. John, Lake County, Indiana, has reviewed said Fiscal Plan, designated "Fiscal Impact Study" prepared by Metrostudy and now finds that the same complies with state law and should in all respects be approved, which Fiscal Plan is attached hereto and made a part hereof by reference.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA:

BE IT RESOLVED that the Fiscal Plan designated "Fiscal Impact Study" dated March 18, 2004 and prepared by Metrostudy on behalf of V3 Realty Company LLC is hereby in all respects approved which Fiscal Plan is all in the following words and figures, to-wit: (here insert).

BE IT FURTHER RESOLVED that all existing resolutions, or parts thereof, in conflict with the provisions of this resolution, are hereby deemed null, void, and of no legal affect, and are specifically repealed.

BE IT FURTHER RESOLVED that if any section, clause, provision of this resolution shall be held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect any other section, clause, provision, or portion of this resolution.


BE IT FURTHER RESOLVED that this resolution shall take effect and be in full force and effect, from and after its passage by the Town Council of the Town of St. John, Lake County, Indiana, pursuant to law.

PASSED AND RESOLVED by the Town Council of the Town of St. John, Lake County, Indiana,
this 22nd day of April, 2004.


Aye 5 Nay _____

**TOWN OF ST. JOHN, LAKE COUNTY,
INDIANA, TOWN COUNCIL**


MICHAEL S. FRYZEL, President


JERRI ANNE TEIBEL, Vice-President


GREGORY J. VOLK, Member


MARK A. BARENIE, Member


CHARLES E. PEARSON, Member

ATTEST


SHERRY P. SURY,
Clerk-Treasurer

LAKE HILLS FISCAL PLAN
[Final Amend 04-22-2004]

LAKE HILLS DEVELOPMENT
FISCAL IMPACT
STUDY

St. John, Indiana

Fiscal Impact
Study

Prepared for:
V3 Realty Company, LLC

Revised March, 2004

Metrostudy
555 West Central Road, Suite 100
Hoffman Estates, Illinois 60195
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Housing Starts Here

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March 31, 2004

Mr. Keith Blais
V3 Realty Company, LLC
7325 Janes Avenue, Suite 100
Woodridge, Illinois 60120

RE: REVISED- Fiscal Impact Study, 338.5 acre Planned Unit Development, St. John, Indiana

Dear Mr. Blais:

Metrostudy has researched the fiscal impact of a 338.5 acre parcel of land initially zoned R-1 consisting of 474 single-family lots constructed on a golf course in St. John, Indiana, and has assembled the following report. Please call us at your convenience with any comments or questions regarding this report, or any other matter relevant to your real estate market research needs.

Sincerely,

Chris Huecksteadt

Christopher Huecksteadt
Director, Chicago Market

Mark Gianopulos

Mark Gianopulos
Senior Consultant

Introduction

Metrostudy has been commissioned by V3 Realty Company, LLC to evaluate the fiscal impact of a 474 unit single-family Planned Unit Development with R-1 zoning on 338.5 acres of land in St. John, Indiana. Metrostudy evaluated the potential revenue and expenses generated by the detached and attached housing development, and has assembled the following report. Radical changes in factors affecting the major assumptions contained in this report could alter the conclusions reached in the analysis or necessitate the re-evaluation of portions of this report.

Subject Site

The subject site is located in Lake County, Indiana on what is currently the Lake Hills Country Club. The site is south of 85th Avenue and east of Route 41 in St. John Township. An estimated 264 detached and 207 attached single-family homes are proposed for the subject site. The Legal description is as follows:

Parcel 1: The Northeast Quarter of the Southwest Quarter, except 15 acres off of the North end thereof, and except 10 feet off of the East side of the Southwest Quarter of the Northeast Quarter of said Southwest Quarter for alley, in Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 8: The West 500 feet of the South 500 feet of the Northeast Quarter of the Northeast Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 9: That part of the Northwest Quarter of the Northeast Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, lying Southeasterly of Golf Lake, all in Lake County, Indiana.

Parcel 10: The North half of the Northeast Quarter, except a piece of land on the West side of the said tract 1 rod 3 inches wide and about 79 rods in length, running within 1 rod of the North line of said tract, except that part contained in Parcels 8 and 9 above, in Section 28, Township 35 North, Range 9 West of the 2nd Principal Meridian, in Lake County, Indiana.

Also excepting that part of Blocks 9, 10 and 11 along with the adjoining driveways in Lake Hills subdivision recorded in Plat Book 21, page 32 in the Office of the Recorder of Lake County, Indiana; in the Southeast Quarter of the

Northwest Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, described as follows: Beginning at the Northeast corner of the Southeast Quarter of the Northeast Quarter of said section 28; thence North 89 Degrees 26 Minutes 26 Seconds West along the North line of said Southeast Quarter, 332.85 Feet; thence North 34 Degrees 09 Minutes 42 Seconds East 108.05 Feet to a line that is 150.00 Feet North of, as measured along the East line of the Northeast Quarter of Section 28, and parallel to the North line of the Southeast Quarter of the Northeast Quarter of said Section 28; thence South 89 Degrees 26 Minutes 26 Seconds East 390.000 Feet to the East line of the Northeast Quarter of section 28; thence South 00 Degrees 40 Minutes East 150.00 Feet to place of beginning.

Parcel 11: The Southwest Quarter of the Northeast Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 12: That part of the South half of the Northwest Quarter lying east of the right of way of the Indiana Harbor Railroad Company, in Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 13: The North 15 acres of the Northeast Quarter of the Southwest Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 14: The West 30 acres of the Northwest Quarter of the Southeast Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 15: That part of the Southeast Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana described as follows: Commencing 15 chains East of the Northwest corner of said quarter section, which is the Northeast corner of the West 30 acres of the Northwest Quarter of the Southeast Quarter of said Section; thence South 20 chains; thence East 1 chain and 38 links; thence South 9 chains and 12 links; thence South 48 1/2 degrees East 11 chains and 1 link; thence North 36 chains and 9 links; thence West 9 chains and 72 links to the place of beginning, excepting that part lying South of the North line of the South half of the Southeast quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 16: That part of the Southeast Quarter of Section 28 Township 35 North Range 9 West of Second Principal Meridian, in Lake County, Indiana described as follow: Commencing 8 chains 37 1/2 links West of the Southeast Corner of said Quarter section; thence West 2 chains and 16 links; thence North 48 1/2 degrees West, 6 chains and 15 links; thence North 36 chains and 9 links; thence East 6 chains and 91 links; thence South 40 chains to the place of beginning, excepting that part lying South of the South half of the Southeast quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 17: The South 1 rod of the Southwest Quarter of the Northwest Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana.

Parcel 22: All that part of the Southeast Quarter of the Northeast Quarter of section 28, Township 35 North, Range 9 West of the Second Principal Meridian, except therefrom the following described tract of land: Beginning at the Southeast corner of the Southeast Quarter of the Northeast Quarter of said Section 28, thence North 89 Degrees 19 Minutes 52 Seconds West along the South line of Southeast Quarter, 495.05 Feet; thence North 00 Degrees 40 Minutes 45 Seconds West Parallel to the East line of said section 28, 327.525 feet; thence North 89 Degrees 19 Minutes 52 Seconds West Parallel with the South line of the Southeast Quarter of the Northeast Quarter of said Section 28, 250.13 feet to a line 745.0 feet West of and parallel to the East line of said Section 28; thence North along said line a distance of 375.14 feet to a line that is 620.00 feet South of as measured along the East line of said Section 28, and parallel to the North Line of the Southeast Quarter of the Northeast Quarter of Section 28; thence North 30 Degrees 36 Minutes 52 Seconds East 485.59 Feet; thence North 00 Degrees 40 Minutes 45 Seconds West Parallel to the East line of said Section 28, 199.58 feet to North line of the Southeast Quarter of the Northeast Quarter of Section 28; thence South 89 Degrees 26 Minutes 26 Seconds East along said North line 492.89 feet to Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 28; thence South along the East line of said Section 28 to the place of beginning.

The description for the second parcel of nine lots is as follows:

Parcel 1: The East Half of a tract of land described as; The East Half of the Northeast Quarter of the Northwest Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, EXCEPT a strip 8 feet 4 1/2 inches wide off the of the West side sold to Jacob Austgen; ALSO EXCEPTING a strip 1 rod 3 inches wide off the North side sold to Mathias Peifer for a road; also a strip 1 rod 3 inches wide off the West side of the Northwest Quarter of the Northeast Quarter of said Section 28, to run within 1 rod of the North line of said Section.

Parcel 2: The South 5 acres of the West Half of a tract of land described as follows: The East Half of the Northeast Quarter of the Northwest Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, EXCEPT a strip 8 feet 4 1/2 inches wide off the West side sold to Jacob Austgen; ALSO EXCEPTING a strip 1 rod 3 inches wide off the North side sold to Mathias Peifer for a road; also a strip 1 rod 3 inches wide off the West side of the Northwest Quarter of the Northeast Quarter of said Section 28, to run within 1 rod of the North line of said Section.

Parcel 3: A strip 1 rod 3 inches off the West side of the Northwest Quarter of said Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana to ren within 1 rod of the North line of said Section.

Parcel 4: The South One and one Half (1½) acres of the North five acres of the following described parcel:

The West Half of the East Half of the Northeast Quarter of the Northwest Quarter of Section 28, Township 35 North, Range 9 West of the Second Principal Meridian (except a strip 8 feet 4.5 inches wide off the West side sold to Jacob Austgen), also except a strip 1 rod 3 inches wide off the North side sold to Mathias Peifer for a road); also a strip 1 rod 3 inches wide off the West side of the Northwest Quarter of the Northeast Quarter of said Section 28, Township 35 North, Range 9 West of the Second Principal Meridian, to run within 1 rod of the Northline of said Section 28.

Utilities

Natural gas service is provided to the annexation area by Northern Indiana Public Service Company by utility and transmission lines located on site.

Electric serviced is provided to the annexation area by Northern Indiana Public Service Company by utility and transmission lines located on site.

Telephone service is available to the annexation area by SBC Communication by utility and transmission lines located on site. TV cable service is available to the annexation area by Comcast; service will be supplied to the site at developer's expense.

Water is near the annexation area, and will be brought onto the subject site from the northwest corner. Sewer will be provided to the annexation area from both the southern and eastern borders.

The expense of providing water, sewer, phone and cable throughout the annexation area will be the developer's expense.

Roads and street lamps will be provided throughout the annexation area by the developer, at the developer's expense.

The annexation area is currently under the jurisdiction of the Lake County Plan Commission. Upon annexation, this area will be under the jurisdiction of the St. John Plan Commission. Zoning of the parcel will be in accordance with

General Assumption

the zoning provided in the Petition for Annexation. As noted on the map, various portions of the real estate will be zoned R1 single-family detached residential, which is consistent with its intended use.

The assessed valuation of the land and improvements in the annexation area is estimated at Thirty Million Seven Hundred Thousand Dollars (\$30,700,000).

The boundary of the annexation area totals approximately 28,888, linear feet of which (4,912) linear feet, or 17%, is contiguous to the existing Town boundaries as defined in the statute, thus, the annexation area is in excess of five percent (5%) contiguous to the Town of St. John.

This fiscal impact analysis is based on national industry standards. Any analysis of this nature must be based on a number of assumptions and projections. As such, this report should be treated as an estimate based upon the best data available. In addition, it is important for decision-makers using the information generated by the analysis to understand the assumptions upon which it is based. The assumptions are as follows:

1. The current municipal service levels existing in St. John will be maintained in newly annexed areas.
2. Inflation affects costs and revenues equally and, therefore, is not accounted for in this analysis.
3. Capital items are reflected in the general operating budget of each department.
4. The cost and revenues of utilities at the subject site, natural gas, electric, will be paid on a production bases and therefore will not be accounted for in this analysis.

State Law Requirements

In accordance with I.C. 36-4-3-13, the Town of St. John must establish a definite policy with regard to the annexation area, which this Fiscal Plan is intended to satisfy, and which must show the following:

- I. The planned services of a non-capital nature will be provided to the annexed territory within one (1) year after the effective date of annexation.
- II. The method or methods of financing the planned services.
- III. The cost estimates of planned services to be furnished to the parcel annexed.
- IV. The plan for organization and extension of services.
- V. That service of a capital improvement nature will be provided to the annexed territory within three (3) years after the effective date of annexation.
- VI. A plan for hiring employees of other governmental entities whose jobs will be eliminated by the proposed annexation.

The only services the Town intends to extend at this time will be police, fire protection, planning and zoning departments. The method or methods of financing the planned services shall be consistent with the budget fixed each year by the Town of St. John Police and Fire Departments. Additional costs associated with the annexed parcel for the Fire and Police Departments in St. John are addressed in the following paragraphs of this study. Inasmuch as the maintenance for the subject property is negligible at this juncture, it is estimated that the additional cost for the extension of services will be offset by the revenue obtained from the taxes assessed upon the property. The plan for the organization and extension of services is as set forth elsewhere in this Fiscal Plan and shall be as determined by the Town of St. John in the future as the growth of the Town and the annexed area mandates.

Population, Households and Employment Forecasts

Services of capital improvement nature, including sewer facilities, water facilities and other facilities, will be provided into the annexed parcel by the developer during the course of development at the developer's or other's expense.

It is estimated that no employees of any other government entity, and particularly Lake County, will lose their jobs as a result of this proposed annexation. This is due to the fact that the annexation parcel is currently a golf course not maintained by the County.

The analysis begins by estimating the population, households and employment in the Town of St. John. The 2000 Government Census verified 2,847 households in the Town of St. John with an average household size of 3.01 persons. To reach the approximate household count in 2003, Metrostudy used the household count from the 2000 Census of 2,847 households then added the additional households built in 2001, 2002 and 2003, indicated by new residential permits in St. John. At the end of 2003 an estimated 3,275 households existed in the Town of St. John. New single-family home permits issued by the Town of St. John are listed on page 12 of this report and indicate a four year average of 143 new households each year since 2000. For the purpose of this study we will be using census and residential permit figures to forecast households. Projection of absorption at the subject site reflects an increase of approximately 98 households each year over the next five years in the Town.

Industry standards dictate from 1.2 to 1.5 new jobs are created for each newly constructed single-family home. Drive time to employment, for workers in St. John averaged 26.5 minutes, with employment drive times under 15 minutes comprising 14.8% in the Town. Using the close proximity of drive times, it can be assumed that approximately 19 new jobs will be created each

of the next five years in St. John from the subject development, excluding temporary construction work.

HOUSEHOLD AND EMPLOYMENT IMPACTS	
Current Population 2003	8,382
Avg. Owner Occupied Household Size	3.01
2003 Households in St. John	3,275
Annual Newly Constructed Homes at Subject Site	98
New Jobs Created Chicago MSA	132.0
(98x1.35=132)	
New Jobs Created in St. John	20.0
(132x14.8=20)	
Source: Claritas; Compiled by: Metrostudy	

**Municipal
Services &
Demand**

As mentioned earlier, the annexation area is currently under the jurisdiction of the Lake County Plan Commission. This includes services such as zoning administration and enforcement, comprehensive planning, subdivision control, building code regulation and land development. Once annexed, the Town of St. John Plan Commission will assume jurisdiction of the area. The annexation area is currently served by the Lake County Sheriff. Upon annexation, the St. John Police Department will immediately assume jurisdiction of the territory and it is estimated that minimum additional burden will be placed on the Police Department for this service as the Police Department currently patrols the area contiguous to the west, south and southeast of the parcel, and the addition of the annexed area will extend service north to 85th Avenue and east to Parrish and Deodor Streets. The parcel is currently home to the Lake Hills Country Club golf course with a small club house, a banquet facility and a metal service barn being the only buildings on the 338.5 acre site, in need of police or fire protection for the near term.

Primary fire protection for the annexation area is now provided by the St. John Fire Department as part of a contract with St. John Township. While some additional burden on the Town of St. John will exist for fire protection

which will be assumed immediately upon completion of the annexation process, that burden is minimal since the annexation area is mostly vacant and unoccupied land.

The state Law requires that within one (1) year of annexation, the Town of St. John is required to provide the annexation area with "planned services of a non-capital nature" which are "equivalent in standard and scope" to those non-capital services provided to similar areas within the Town. While the law requires that the services of a "capital improvement nature" be provided within three (3) years of the effective date of the annexation, those services will not be required until such time as the annexation area is developed, at then at the cost of the developer. Historically, the Town of St. John does not employ different service standards for different areas of the Town and that standard will be maintained when compared to other undeveloped areas of the Town. Therefore, upon development by the petitioner, in accordance with the St. John Subdivision Control Ordinance, the service standards of the annexation area will be the same as they exist presently for the entire community.

Thus, it is the purpose of this Fiscal Plan that the services to be extended, including those utility services described in this Fiscal Plan as well as the governmental services also described in this Fiscal Plan, shall be provided at the same standard as is presently provided by the Town of St. John to all areas of the community.

The demand for municipal services in the annexation area was determined by calculating existing service levels for each department for the existing Town limits. Because of the varied nature of service provided by different town departments, different formulas can be used to calculate demand. The various methods for calculating demand are all designed to assess how many residents, households and/or acres of land are served by each department, fire, police, planner, engineer, etc. This yields an existing service level, which is then applied to the area under consideration. Obviously, this method assumes that current levels are adequate and suitable for the area under study.

Various land use ratios can be used in describing the overall ambience of a community. Bedroom communities will support as high as a 90% ratio of residential to commercial acreage while more industrial towns can maintain a 50% mix in land use. For the purpose of this analysis, Metrostudy used the industry standard of 60/40 ratio for residential to commercial. The graph below indicates the residential permit history in the Town of S. John through the past three years as indicated in the Town Council meeting on 8/28/03. Metrostudy anticipates the average of 143 new construction residential housing permits will continue to grow. For purposes of this revision, a 5% annual increase was used in determining expense budgets for the Town from 2002 to 2003, as instructed by the Town Manager.

RESIDENTIAL PERMIT HISTORY - ST. JOHN INDIANA 2000 - 03	
Year	Residential Permits
2000	152
2001	121
2002	145
2003	153
Total	571
Average	142.75
<i>Source: Town of St. John Planning Dpt.; Compiled by: Metrostudy</i>	

Fire: Fire service demands are measured for residential and nonresidential property. The demand factors are population and households which relates to residential development and the remainder percentage of non-residential development. Current service levels are measured in households then divided by the Town of St. John's budget for their volunteer fire department and ambulance emergency services for the most recent full year 2003.

Fire Budget – 2003	\$442,936
Residential Development Percentage	60%
St. John Households – 2003	<u>3,275</u>
Fire Budget Appropriated per HH Annually	\$81.15

Police: Patrol service demands are measured for residential and nonresidential property. The demand factors are population and households which relates to residential development and the remainder percentage of non-residential development. Current service levels are measured in households then divided by the Town of St. John's budget for Police and 911 emergency services for the most recent full year 2003.

Police Budget – 2003	\$1,379,169
Residential Development Percentage	60%
St. John Households – 2003	3,275
Police Budget Appropriated per HH Annually	\$252.67

Refuse: Trash demands are measured exclusively for residential, as nonresidential property must contract for the service. The demand factors are population and households which relates exclusively to residential development. This number does not include a yearly grant from the counties General Fund, which varies from year to year. Current service levels are measured in households then divided by the Town of St. John's budget for refuse service for the most recent full year 2003.

Refuse Budget – 2003	\$294,000
Residential Development Percentage	100%
St. John Households – 2003	3,275
Refuse Budget Appropriated per HH Annually	\$89.77

Parks & Recreation: Parks and recreation budgets are typically set by existing acreage of parks in the town and the maintenance associated with upkeep. While parks add value to the community, their use is generally related to residential. As mentioned earlier, these calculations are based on an assumption that current levels of parks and recreation are adequate for the existing households. The demand factors are population and households which relates exclusively to residential development. Current service levels are measured in households then divided by the Town of St. John's budget for Parks and Recreation for the most recent full year 2003.

Parks & Recreation Budget – 2003	\$199,500
Residential Development Percentage	100%

**Municipal
Revenues**

St. John Households -- 2003	3,275
Refuse Budget Appropriated per HH Annually	\$60.92

Education-Lake Central School Corp: The education budget is typically computed by existing households. The demand factors are population and households which relates exclusively to residential development. Current service levels are measured in households then divided by the Town of St. John's budget for education for the most recent full year 2003.

Education Budget -- 2003	\$6,934,711
Residential Development Percentage	100%
St. John Households -- 2003	3,275
Education Budget Appropriated per HH Annually	\$2,117.47

As stated by Purdue University's Local Government Department "In December 1998, the Indiana Supreme Court declared Indiana's real property tax assessment rules to be unconstitutional. Real property is land and buildings. The rules for personal property, which is business equipment and inventories, were not challenged. The Department of Local Government Finance (formerly the State Tax Board) rewrote the assessment rules to try to satisfy the Court's objections. But these new rules would have created large shifts in property tax bills, increasing homeowner taxes and decreasing business taxes. On June 22, 2002, the Indiana General Assembly addressed this problem, passing a bill that restructured Indiana's tax system...

Note: On January 1, 2002, the State Board of Tax Commissioners, or State Tax Board, was abolished. Its assessment oversight functions were taken up by the new Department of Local Government Finance (DLGF). Its property tax appeal function was assigned to the new Indiana Board of Tax Review. References to the State Tax Board in documents published prior to 2002 usually apply to the new DLGF".

The state of Indiana recently hired Cole-Layer and Trumble to review and update the re-assessment formula for each county. Previous to 2002, the assessed valuation for homes in St. John were estimated based on

replacement cost as published in Building Standards Magazine taking into consideration building materials, square footage, additions, upgrades and amenities in each house. Using values set by replacement cost, assessed value was then estimated at 33% of replacement cost. Final taxes were calculated, as given in the St. John Chamber of Commerce web site, at approximately \$16.5477 per \$100.00 or approximately 16.55% of assessed value.

Metrostudy consulted with H.J. Umbaugh and Associates Certified Public Accountants, LLP in establishing the new tax formulas for both assessing single-family home values and the new real estate tax rate for the Town of St. John.

Based on the conversation with Steve Carter at H.J. Umbaugh, the new tax rates for a new construction home valued at \$450,000 are as follows:

TAX FORMULA FOR A \$450,000 NEW CONSTRUCTION SINGLE-FAMILY HOME IN THE TOWN OF ST. JOHN	
90% of the purchase price is the Assessed Value	\$405,000
Reduce Assessed Value by \$35,000 for Homestead Exemption	\$370,000
Reduce Assessed Value by \$3,000 for Mortgage Exemption	\$367,000
Divide by 100	\$3,670
Gross tax rate of 2.5% - State Property Tax Replacement Credit of Approx. (.45%)	
Net Tax Rate of 1.8%	\$6,606
Source: H.J. Umbaugh & Associates; Compiled by: Metrostudy	

* State Property Tax Replacement Credit ranges from 20 to 25%. A 20% credit was used in the above calculation.

Suggested pricing for the single-family homes at the subject site range from townhomes priced from \$170,000 to single-family detached product priced to \$725,000. Each product line will bring varying levels of tax revenues to the Town of St. John. The projected tax revenues anticipated are listed in the following graph:

APPROXIMATE ANNUAL REAL ESTATE TAX REVENUES GENERATED BY THE SUBJECT SITE					
Subject Site SF Product	Homes	%	Average Home Values	Avg. Tax Rev. Per Unit	Tax Revenues
Detached	9	1.90%	\$725,000	\$11,061	\$99,549
Detached	256	54.01%	\$346,500	\$4,929	\$1,261,824
Duplex	90	18.99%	\$195,500	\$2,483	\$223,470
Townhome	119	25.11%	\$170,000	\$2,376	\$282,744
Total	474	100.00%			\$1,867,587
Source: Town of St. John; Compiled by: Metrostudy					

A portion of the gross tax revenues collected by the county is redistributed back to local municipalities. The Township receives 4.54% of the total real estate tax revenues collected from the county. This excludes any retail taxes generated from additional retail sales. The graph below appropriates the percentages and revenue dollars going to their different departments. The public library is funded through the county and funds for the St. John Police Department are obtained through the General fund.

ANNUAL REAL ESTATE TAX PERCENTAGES FOR THE TOWN OF ST. JOHN BASED ON YEAR 2002				
Taxing Bodies	Rate		%	
County	1.8996	1.8996	43.26%	43.26%
General	0.0253		0.58%	
Poor Relief	0.0094		0.21%	
Fire Fighting	0.1518		3.46%	
Cumulative Fire & Building Expense	0.0003		0.01%	
Park & Recreation	0.0126		0.29%	
Total Township	0.1994	0.1994	4.55%	4.55%
Special Districts (Solid Waste)	0.0451	0.0451	1.03%	1.03%
Total Education	2.0661	2.0661	47.05%	47.05%
Total Library	0.1776	0.1776	4.04%	4.04%
Total Tax Rates		4.3911		100.00%
Source: Lake County Auditor's Office & Metrostudy; Compiled by: Metrostudy				

The former firm of Pflum, Klausmeier and Gehrum Consultants, Inc. completed their "Infrastructure Improvement Plan for Park and Recreation Facilities" report dated February 1997 for the Town of St. John. The report detailed the expenses incurred and funds needed to maintain and expand the park facilities within the Town. More recently, in January 2003, Edwards and Kelcey, Inc. revised and updated the fee schedule needed to maintain the park facilities in St. John. The new fee schedule increased impact fees per unit by 15.4%, to \$834 per new home, in the Town of St. John. Using the more recently adopted impact fee, the subject site will add an additional, non-reoccurring \$395,316 for the 474 unit plan, to the Parks and Recreation Department through the next six years.

An additional single occurring source of revenue to the Town is construction permit revenue for each home. Within the Town of St. John, a 2,000 square foot single-family home averages from \$4,000 to \$5,000 per home for the construction permits required by the Town. With the anticipated zoning housing values, permit and fees for the subject site will generate an additional \$2,412,278 through a five to seven year period.

**APPROXIMATE NEW CONSTRUCTION PERMIT REVENUES
GENERATED BY THE SUBJECT SITE**

Subject Site SF Product	Homes	%	Average Home Size	Avg. Permit. Fee Per Unit	Tax Revenues
Detached	9	1.90%	4,000	\$ 9,000.00	\$81,000
Detached	256	54.01%	2,800	\$ 6,300.00	\$1,612,800
Duplex	90	18.99%	1,700	\$ 3,825.00	\$344,250
Townhome	119	25.11%	1,600	\$ 3,262.00	\$388,178
Total	474	100.00%			\$2,426,228

Source: Town of St. John; Compiled by: Metrostudy

The final source of revenue addressed in this report is the economic factor of additional retail revenues in and around St. John. Claritas' estimates total retail sales in the Town of St. John to be \$92,273,504 in 2002. In a town situated as St. John, with Route 41 providing ample traffic for transient transportation industry standards dictate approximately 30% of retail sales occur during visits to the Town from travelers moving through the Town on route to their final destination. With the median household income of \$70,178, households within St. John can be expected to spend approximately 32% of their income locally in retail purchases.

These retail revenue projections are conservative considering the median value of the homes in the development will be above median home values found currently in St. John. With the median home value of approximately \$290,000, potential homeowners, with 20% down, will need to have a household income of at least \$77,300.

**Summary of
Findings**

The Term "fiscal Impact" is commonly employed to describe the "net fiscal impact" of a development. In essence, will the municipal service costs exceed or be less than the generated real estate taxes and other municipal receipts? For the subject site, as in most communities, education is the single most expensive municipal service cost easily dwarfing other municipal outlays, receiving 47.05% of the 2002 tax revenue funds. Any impact of utilities and town services from a new housing development will generally be off set by the additional tax revenue. New homes will require additional demands of existing

utilities and municipal services but will be providing additional revenues mainly from real estate tax to off set or maintain costs.

As indicated in this Fiscal Plan, the cost of planned services to be furnished to the annexation area has already been stated. The cost of services, police, fire, planning and zoning will be absorbed by the Town and, therefore, the Town budget, as it currently exists, is hereby incorporated by reference as the method of financing the planned services. As indicated elsewhere in this Fiscal Plan, it is not thought that the area to be annexed will be an additional burden upon the Town's budget as the revenue sources (taxes) to be derived from the annexed area will offset the cost of planned services.

The graph on the following page summarizes the fiscal impact of the subject site on the Town of St. John, Indiana, based on Residential Zoning.

SUMMARY OF FISCAL IMPACTS				
Reoccurring Revenues				
Product	Homes	Avg. Tax Rev. Per Unit	Tax Revenues	Totals
Detached	9	\$11,061	\$99,549	
Detached	256	\$4,929	\$1,261,824	
Duplex	90	\$2,483	\$223,470	
Townhome	119	\$2,376	\$282,744	
				<u>\$1,867,587</u>
One Time Revenues				
Impact Fees	\$395,316			
Building Permits	\$2,426,228			
				<u>\$2,821,544</u>
Reoccurring Expenses				
	Per Household	Total Homes	Total Expense	
Fire/Emergency	\$81.15	474	\$38,465	
Police	\$252.67	474	\$119,766	
Refuse	\$89.77	474	\$42,551	
Education	\$2,117.47	474	\$1,003,681	
Park & Recreation	\$60.92	474	\$28,876	
			<u>\$1,233,339</u>	<u>-\$1,233,339</u>
Total Fiscal Impact for the Town of St. John -Reoccurring				\$634,248
One Time Revenue				<u>\$2,821,544</u>
				<u>\$3,455,792</u>

The annexation area is contiguous with the Town of St. John on the west, south and southeast border. This area should be annexed for the reason that it is placed for redevelopment in the near future and should be developed according to St. John standards. Both the Town and the proposed annexation area have much to gain from the inclusion of this area within St. John corporate boundaries. As an additional note, while new homes brought to the market will be producing tax revenue for the school system, according to the US 2000 Census data, only 44.6% of the households in St. John have children under the age of 18. Based on the US Census figures, 55.4% of the new homes at the subject site will be contributing to the education fund in St. John but will not be adding students to the system.

metrostudy

