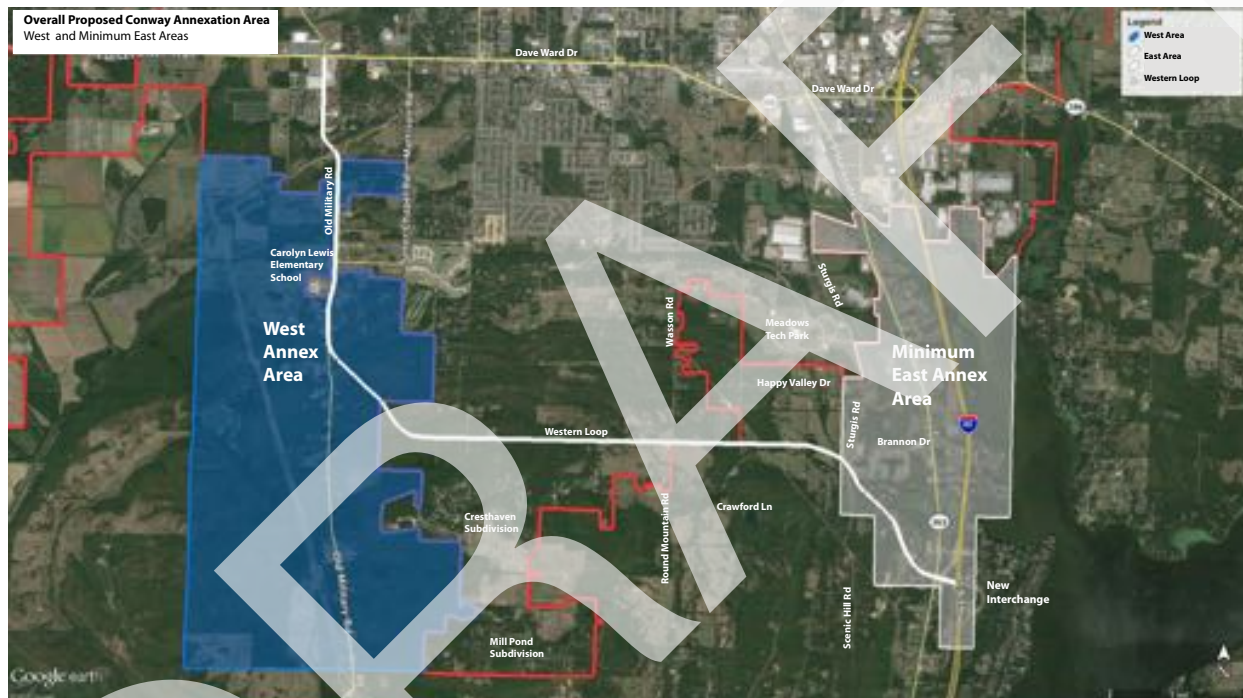


Draft South Interchange / Western Loop Annexation Analysis

This draft study proposes the goal of annexation, identify the proposed annex area, identify existing conditions, quantify costs, and begin discussion for annexation strategy.



Front Page Summary:

Conway: If the proposed area is annexed, Conway gains control of zoning and development within the area, particularly along Interstate 40, the new south interchange, and along the future Western Loop.

The annexation will come at a cost to the City which may not be offset by projected revenues. More data is needed from the various city departments.

Area Residents: Annexation area residents will gain zoning protection, Conway Police protections, and possibly other city services. Conway Corporation utilities may be offered. Further discussion and planning with various City departments and Conway Corporation will be needed to determine available services. Area residents will see a small increase in property and personal property taxes and will be subject to zoning regulations, subdivision regulation, building permits, impact fees, and animal control. Depending on the level of offered City services and means of financing, City service and utility costs could decrease or increase depending on improvement districts or similar means of financing.

Goal:

Annex area encompassing the new south I-40 Sturgis Road interchange, the planned western loop arterial, and I-40 frontage north from Mayflower city limits in order to regulate through zoning, subdivision, and other City ordinances.

Proposed Annexation Boundaries

Existing Conditions

General

The proposed annexation area is approximately 9.83 or 8.41 square miles in area. The proposed area is split into two geographic areas on each side of the southern Round Mountain projection of Conway. The west area consists of 5.5 square miles; the east area consists of 2.91 or 4.33 square miles depending on the proposed minimum or large annex area. (See page 5) The west area is mostly undeveloped while the east portion contains a substantial amount of residential development along the Harkrider and I-40 corridors. The new interchange area is outside of the current Conway Territorial Jurisdiction and cannot be brought into Conway's TJ due to Arkansas state regulation limiting Conway to a 1 mile planning jurisdiction radius from city limits.



Area

Proposed annexation area = West 5.5 square miles + East 2.91 (Minimal) or 4.33 (Large) square miles.
Proposed new total annexed area = 8.41 or 9.83 square miles

Current City area = 46.21 square miles or 18% or 21% current Conway square miles

Population (Assuming 2.5 people/household)

West Area: (120 address points) 300 population

East Area: (524 - minimal address points) or (597 - large address points) Estimated population (1310 - minimal) or (1492 large)

Total: 1610 west + min. east or 1792 west + large east (2.5% or 2.8% current estimated Conway population of 64,490)



School Districts

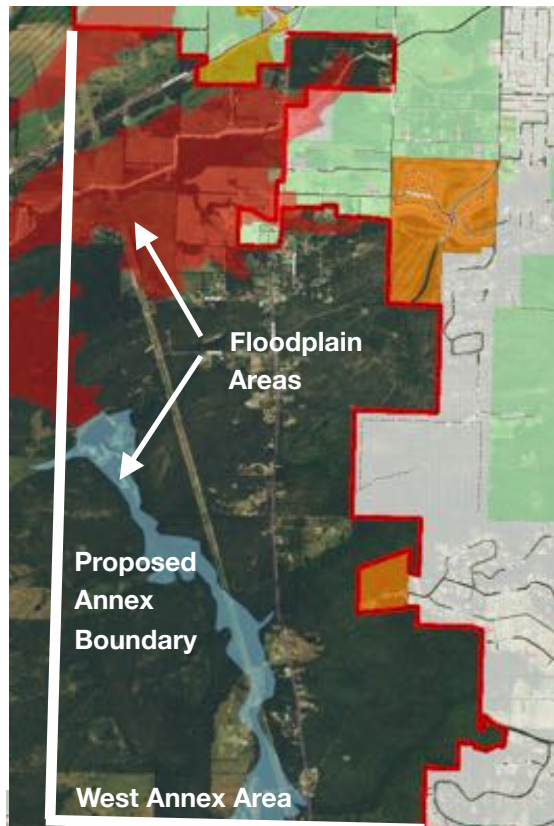
All proposed annex areas are within the Conway School District.

Terrain

West Annex Area: The west annexation area is 80% within the ridges of Round Mountain. The highest elevation in this area is around 600 feet. The Round Mountain terrain is rugged and not easily developed. At the base of these ridges, particularly to the north, are large tracts of more easily developed flat land. However, a large portion of this level area is within the flood hazard zone.

East Annex Area: The east annexation area is most hilly closest to the current City limits. The eastern ridges of Round Mountain slope to rolling terrain which gives way to level area and Lake Conway. This area also has large swaths of flood hazard

zone concentrated on the east side of I-40 and the Stone Dam Creek channel.



Flood Zones

West Annex Area

Western Annex Area: There is significant flood plain in the north and along the Tupelo Bayou channel. This area is within the Tupelo Bayou watershed on the south side of Donnell Ridge.

Flood Zones East Annex Area

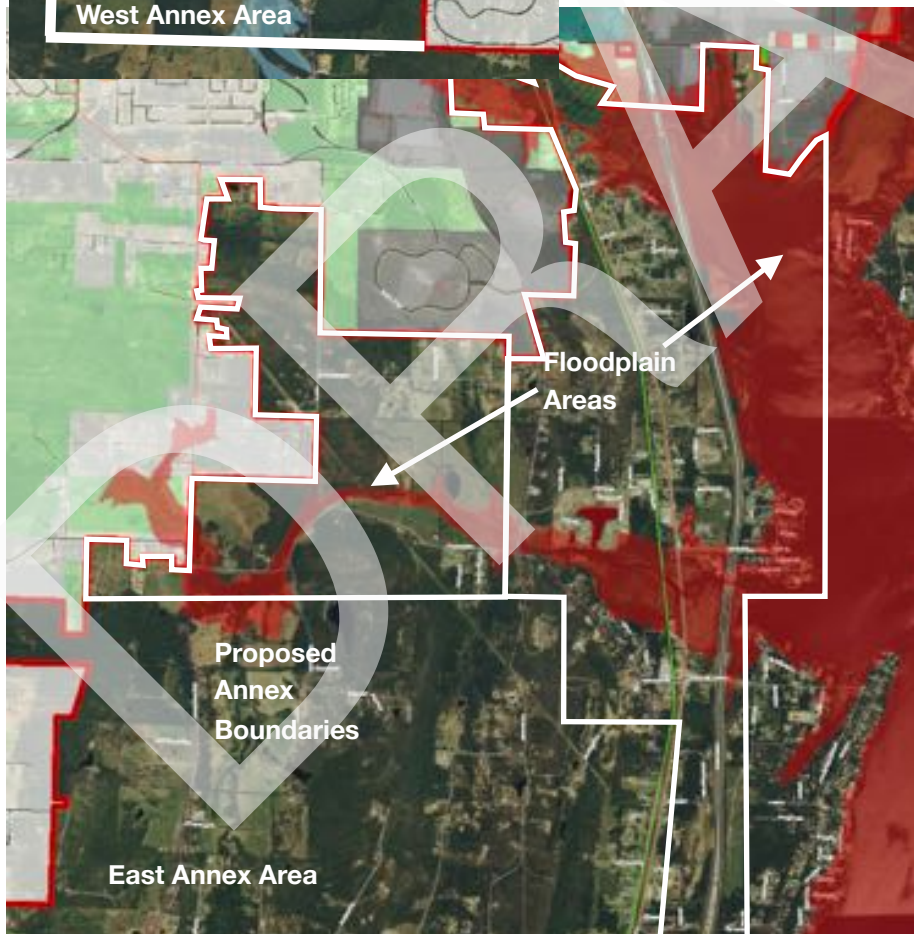
East Annex Area: There is significant flood plain area along the east and Gold Creek. The area is within the Gold Creek and Lake Conway watershed. FEMA map flood plain in the area is based on contour elevations and have not been significantly studied. No floodway is called out for Gold Creek. Several houses affected by periodic flooding along Lake Conway are included in the proposed annexation area.

Structures

West Annex Area: The west area is largely undeveloped open agricultural land.

Area development consists of approximately 120 residences typically on large parcels. There appears to be approximately 6 churches. The only observed commercial business is a diesel repair shop.

East Annex Area: The east annex area has extensive residential development along the I-40 and Harkrider/Hwy 365 corridor. Development becomes less dense towards the western portion of this area. There are approximately 524 or 597 residences depending on the annexation scenario. Many of these residences are mobile



homes. There is some commercial activity. The observed businesses include; a Dollar General store, an auto body shop, a pipe and excavation contractor, convenience store, restaurant, concrete block manufacturer, a landscape contractor, and a large quarry. There are approximately 6 churches and 6 mobile home parks.

Total Structures

Approximate number of commercial businesses: 24 mostly grouped along Highway 365

Approximate number of residences: 524 or 597 depending on the annexation scenario.



Minimal East Annex Area

2.91 Square Miles

524 Address Points

Approximate Population 1310

9.5 Miles of Roads



Large East Annex Area

4.33 Square Miles

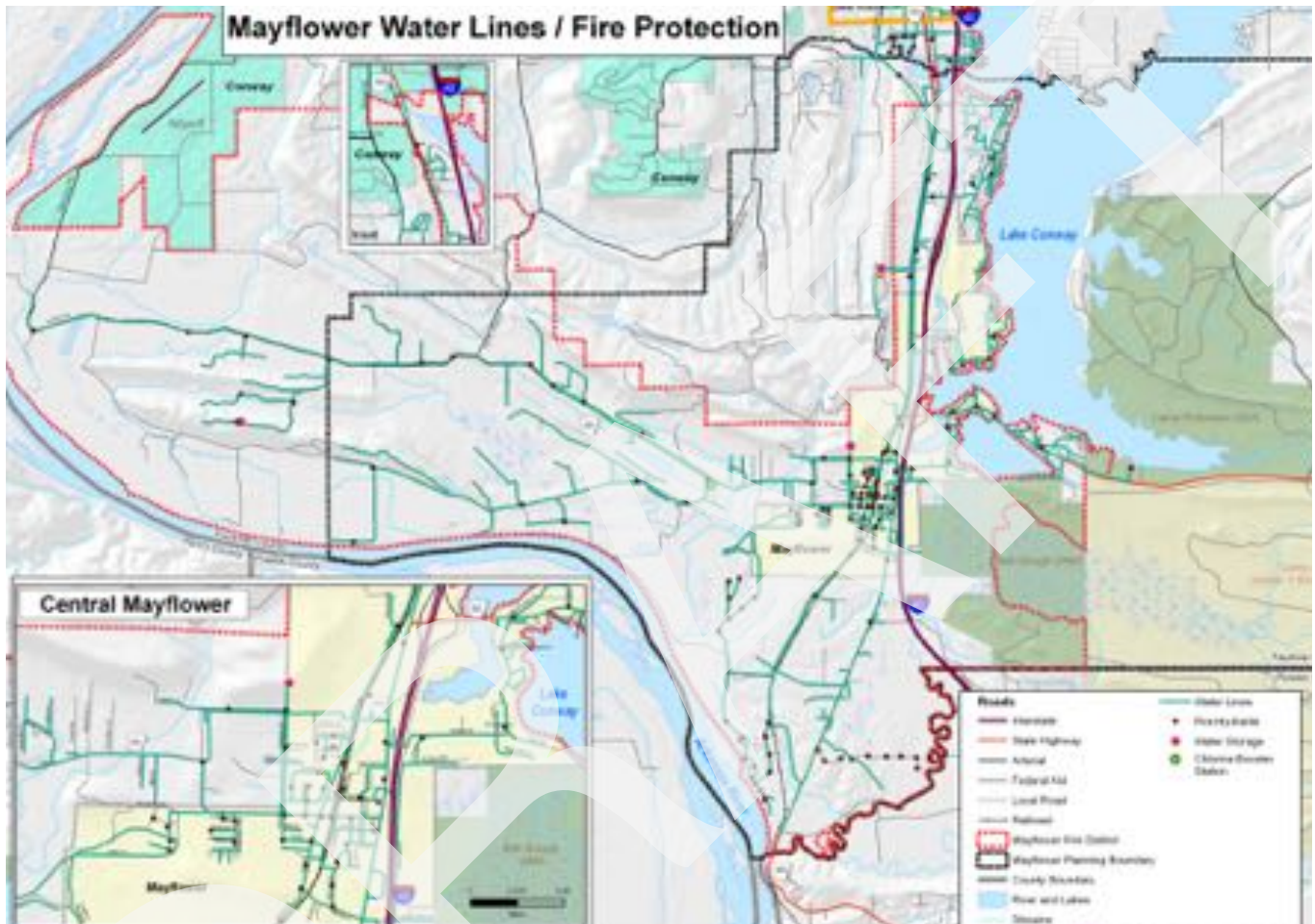
597 Address Points

Approximate Population 1492

12.7 Miles of Roads

Streets

There are 18.4 (West + Large East) or 15.2 (West + Minimum East) miles of roads in the total proposed annex area. (West = 5.7 miles of road, Large East Area = 12.7 miles, Min East Area = 9.5 miles) This number does not include state highway right of way or private drives. The majority of these streets are chip seal or gravel.



Existing Area Services

Utilities

Electricity: Entergy

Water: Mayflower Water and Private Wells

Sewer: No regional sewer system, private septic, and a STEP system in the Preston area.

Gas: Centerpoint

Cable TV and Internet: Media 3, AT&T, TC Works

Police and Animal Control

The proposed annexation area is patrolled by the Faulkner County Sheriff's Department. There is no animal control.

Fire Districts

The proposed annexation area is within 3 volunteer fire districts:

1. Mayflower
2. Wescon
3. Pine Village

Sanitation

The proposed annexation area is serviced by private sanitation contractors

Streets

Streets within the proposed annexation area are maintained by Faulkner County.

Drainage

The proposed annexation area has no specific drainage plan. A Mayflower storm water management plan was created and submitted to ADEQ in 2013.

Planning, Zoning, and Subdivision

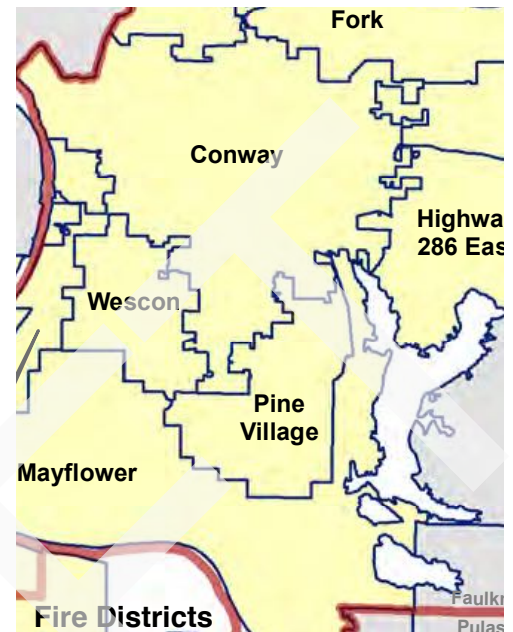
The proposed annexation area has no zoning regulation. The great majority of the area has no subdivision regulation. A small area falls under Conway's Territorial Jurisdiction and therefore is subject to Conway's subdivision ordinance.

Code Enforcement

The proposed annexation area has no code enforcement regulation.

Parks and Recreation

There are no public parks within the annexation area. The area does contain land that could be identified for suitable park sites. The annexation will increase the ratio of person to parks for the City of Conway. The recommended National Recreation Association park acreage is 10 acres per person. Conway's latest estimated population is 64,490. Currently Conway's total park acreage is around 315 acres (omitting the expo center and Corps of Engineers parks). To meet the NRA recommended average, Conway would need 645 acres of parkland. The increase in population would bring the recommended park area to 662 acres.



Proposed City Services Offered, Complications, and Related Costs:

Police and Animal Control

Conway will provide police protection for the area. ***The number of additional patrol officers, vehicles, equipment, etc are needed to calculate costs.*** Currently, there is no area animal control. An increase in the workload of Animal Control will be likely.

Fire

Conway could offer fire protection or continue to allow existing volunteer fire departments to service the area. ***If Conway provides fire protection, the number of additional fire fighters, vehicles, equipment, additional stations, etc are needed to calculate costs.*** Depending on how water service is achieved, fire fighting ability would greatly depend on the availability of water and the area service provider. There could also be an impact on Conway homeowner insurance rates with a reduction in ISO ratings. Depending on the condition of area structures, there could also be an increase in calls for service and the safety of responders.

Sanitation

Conway could offer sanitation services or continue to allow private trash collection. If Conway will provide sanitation, ***the number of additional trash trucks, personnel, fuel, other vehicles, equipment, etc is needed to calculate costs.***

Street

Conway will take over maintenance of area streets. ***Type of street construction, condition of existing streets, ongoing maintenance costs, etc are needed to calculate costs.***

Drainage

Conway will assume drainage management. ***Existing drainage infrastructure, condition, and ongoing maintenance costs, etc are needed to calculate costs.***

Planning and Zoning

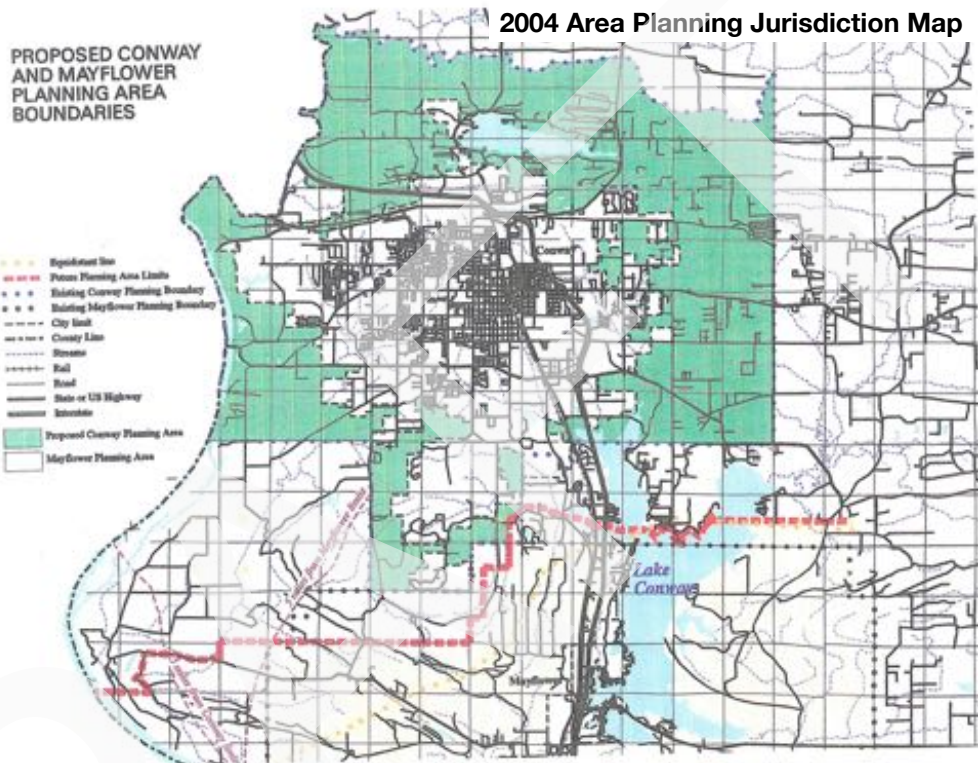
The area currently has no land use zoning. When annexed, a study will be needed to apply the appropriate zoning to the existing and desired land uses. Desired growth patterns and street network will need to be determined and added to the Conway Comprehensive Plan. Community meetings would need to be held to take public input on proposed zoning and growth patterns. The Planning Department is minimally staffed. Ideally, another Planner would aid in this project and other long range plans.

There will likely be zoning problems as new citizens of Conway become aware of planning and zoning regulations. These problems would likely increase Planning Commission/Board of Zoning Adjustment reviews and the Planning Department workload.

Conway would gain control of zoning and development along the new interchange, Sturgis Road, and I-40. Commercial development could be limited to appropriate areas and would meet Conway

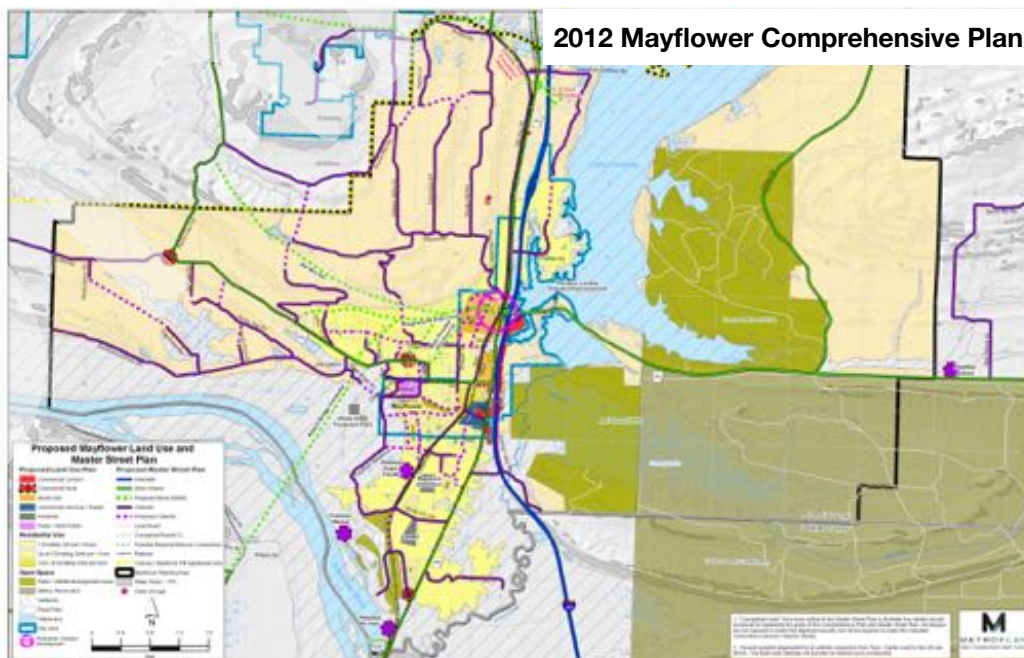
development review regulations. Signage, including billboards along I-40 and other major streets could be controlled. These regulations would create a more aesthetically pleasing “front door” to the City. Conway regulations could also manage access to major arterials to create safe and functional street access to businesses and neighborhoods. Area residents would gain zoning protection where there is currently none.

In 2004, Metroplan, the City of Conway, and Mayflower created an area planning jurisdiction map adopted by resolution R-01-05. This map shows a substantial portion of the annexation area as part of the Mayflower planning area. The 2004 area planning jurisdiction map was based on the current Conway city limits. In 2012, the City of Mayflower adopted a Metroplan composed comprehensive plan that included the proposed east annexation area as part of the Mayflower planning area.



Subdivision

A small part of the area is included in Conway’s territorial jurisdiction. Any land within the territorial jurisdiction divided into parcels less than 5 acres is subject to Conway’s subdivision regulations. When annexed, the entire area would then be subject to Conway’s Subdivision ordinance. Any property divided into less than 5 acre parcels would require platting with



Planning Department and possibly, Planning Commission approval. The construction of sidewalks is a requirement of this ordinance. The majority of the area may now subdivide property at will through the

filing of metes and bounds deeds. There will likely be zoning problems as new citizens of Conway become aware of subdivision regulations

Building Permits and Inspections

The west annexation area has approximately 120 residences. The east area has approximately 524 (minimal east annex area) or 597 (large east annex area) residences and 24 businesses. These structures were constructed without any permits or inspections. There are newer constructed subdivisions and homes such as Wilhelmina Cove which are more likely up to code, however, the majority of area structures are older and in various states of disrepair. Permits and inspections will be required for remodels and new construction in the area. Impact fees would also be applicable. There is currently enough building inspectors on staff to handle the increased work load for the area, however, any substantial growth within the current city limits or expanded limits would tax the inspection team's ability to provide timely inspections.

Code Enforcement

Based on visual inspection of the area, there will likely be code enforcement problems. When annexed, the area will be subject to Conway's code enforcement regulations. Trash, debris, junk cars, etc will need to be removed. Structures unfit for habitation will also be subject to condemnation. Currently, the City has 1 code enforcement officer. This annexation of this area would likely require the hiring of another officer. Code enforcement could possibly be eased in for the area through a delayed enforcement system allowing gradual compliance.

Community Development

The census tracts under consideration for annexation are not considered low or low to moderate income according to census data. At this time, those properties would not increase Conway's CDBG funding. Without knowing actual income data, it could be assumed that CDBG and other federal state funding based on income might be reduced by adding households with greater income.

Utilities - Electric, Water, Sewer, Gas, Cable TV, Telephone

Conway is served by an exclusivity agreement with Conway Corporation. Conway Corporation is the sole provider of water, sewer, electricity, and cable tv in the city limits. This policy would need to be amended or Conway Corporation would need to assume control of electricity, water, and sewer.

If Conway Corporation were to assume electric power service for the area, a buyout of 355% of Entergy's area gross revenues must be paid. There would also be integration and equipment replacements costs. Assuming a conservative monthly \$100 residential and \$200 commercial electric bill, an Entergy buyout is estimated at \$2.44 million (minimal annexation) or \$2.75 million (larger annexation).

The east annex area (either scenario) is served by Mayflower Water. If Conway Corporation were to assume this service, a buyout would also need to occur. There are likely USDA rural development loans involved in the construction of the Mayflower water system and a release from this system could be problematic. Approval by the Arkansas Natural Resources Commission would also be needed. Water availability and pressures also tie into area fire protection. There could also be substantial replacement of infrastructure as water lines do not meet Conway standards or fire flows. Additional costs will also be likely due to Stage 2 disinfection byproduct rules. This rule requires the reduction and removal of disinfection byproducts from the water supply.

Existing gas, cable TV, and telephone providers would not be affected and continue area service. If the area were annexed, the City would gain area franchise fees.

Improvement districts or other similar financing could possibly be formed to fund electric, water, and sewer improvements.

Revenues:

Strategy: In order to better understand the challenges and benefits offered to the City and area residents, existing conditions and City operating costs need to be identified.

Current and Long Range Revenue Projections

Property Tax:

Projected property tax revenues for the new 8.41 or 9.83 square mile area at current build-out, 50% build-out and 100% build-out based on the following land use scenarios. The projections were calculated at a density equal to Conway's existing residential and commercial densities.

Assuming no change to the current 4.4 mills for that amount of time, but granting an annual value rise of 1.8% for national inflation:

2016 Property Tax Revenue Estimate:
\$53,817/year West and Minimum East
\$96,749/year West and Large East

2033 Property Tax Revenue Estimate:
\$166,298/year West and Minimal East
\$286,590/year West and Large East

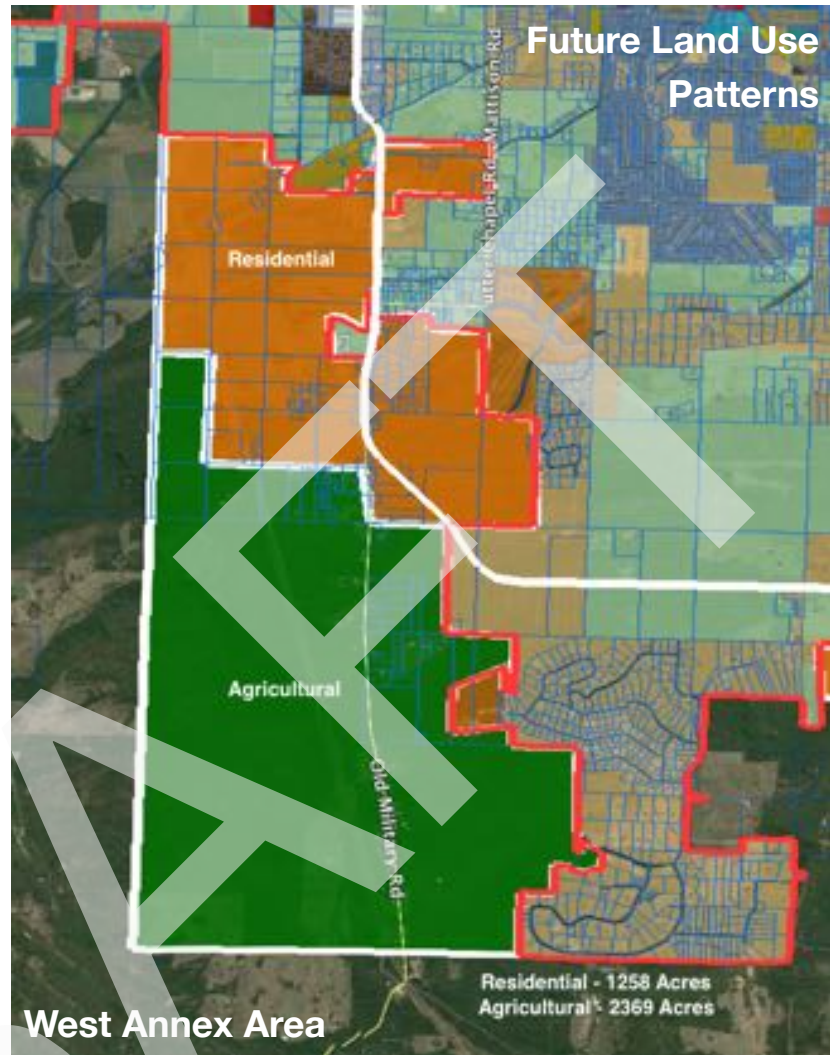
2050 Property Tax Revenue Estimate:
\$332,596/year West and Minimal East
\$573,180/year West and Large East

Personal Property Tax: (Approximately \$68/person annually - assuming 3.4% population growth)

Totals are West Annex Area with Minimal East Annex Area or Large East Annex Area

2016 Property Tax Revenue Estimate:
West = \$20,400
Minimal East = \$109,480
Large East = \$121,856
Totals = \$129,880 or \$142,256

2033 Property Tax Revenue Estimate:
West = \$36,015
Minimal East = \$193,279
Large East = \$215,128
Totals = \$229,293 or \$251,142



2050 Property Tax Revenue Estimate:

West = \$63,581

Minimal East = \$341,219

Large East = \$379,791

Totals = \$404,800 or \$443,373

Sales Tax (equal regardless of annexation scenario):

Currently, the proposed annexation area appears to have little commercial activity. Initially, negligible amounts of sales tax would be generated by annexation.

2016 Sales Tax Revenue Estimate: \$8,750/year (\$500k sales)

2033 Sales Tax Revenue Estimate:

\$17,500/year (\$1M sales)

2050 Sales Tax Revenue Estimate:

\$35,000/year (\$2M sales)

Impact Fees (Not consistent for a small area on a year to year basis - equal regardless of annexation scenario):

New construction would generate some measure of impact fees - street and park combined.

2016 Impact Fee Revenue Estimate:

\$3,400/year (Assuming 2 new 2k sf residences)

2033 Impact Fee Revenue Estimate:

\$5,100/year (Assuming 3 new 2k sf residences)

2050 Impact Fee Revenue Estimate:

\$25,292/year (Assuming large office park, residences, and some commercial over 17 year average)

Permit Fees (equal regardless of annexation scenario):

New construction and remodels would generate some measure of fees.

2016 Permit Fee Revenue Estimate: \$500/year

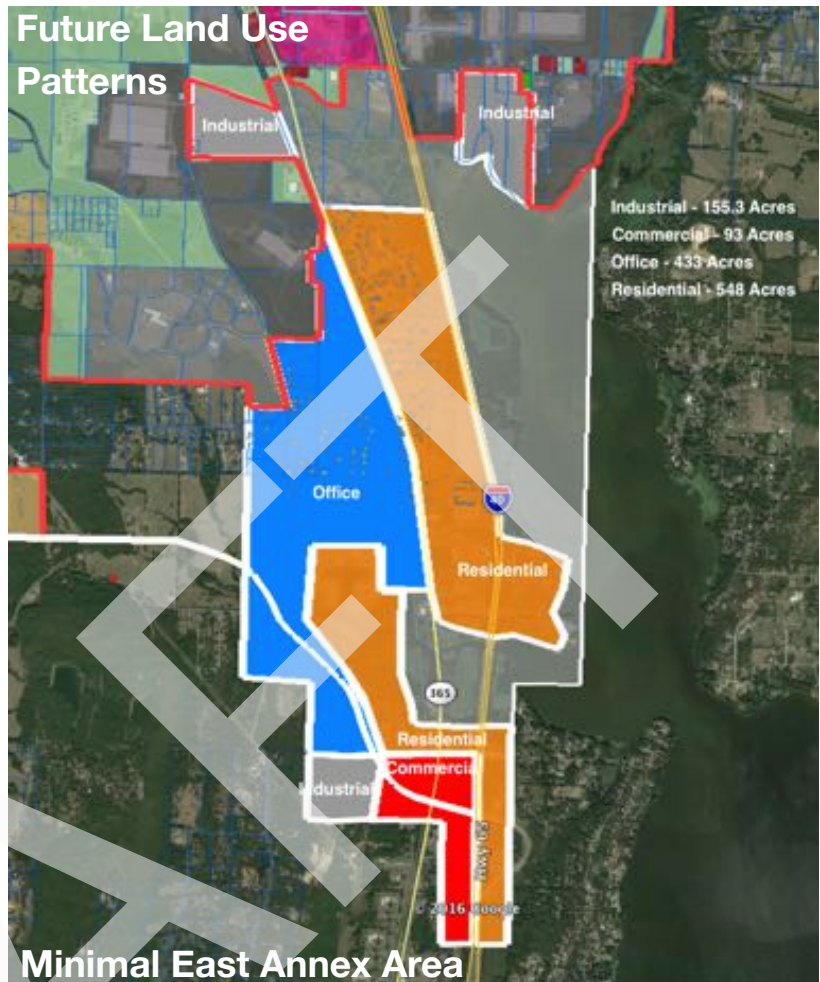
2033 Permit Fee Revenue Estimate:

\$1,500/year

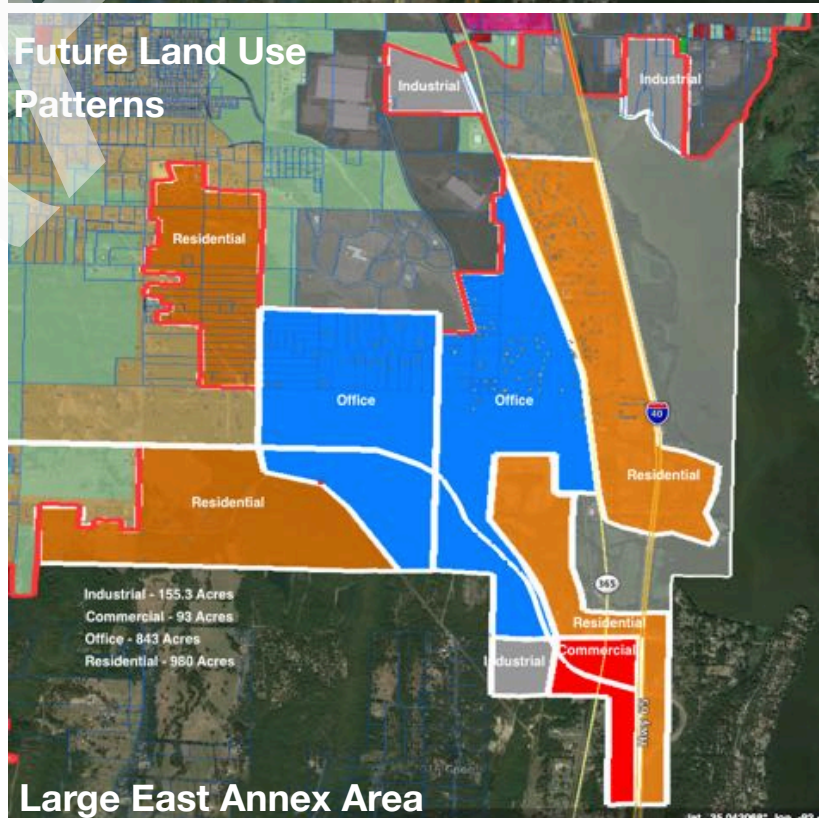
2050 Permit Fee Revenue Estimate:

\$6,500/year

Future Land Use Patterns



Future Land Use Patterns



Sanitation Collection Fees (includes West Annex Area and Large East Annex Area)

2016 Trash Collection Revenue Estimate: \$182,781/year

2033 Trash Collection Estimate: \$321,378/year

2050 Trash Collection Estimate: \$567,240/year

State Turn Back Fees (Not available until 2020):

Totals are West Annex Area with Minimal East Annex Area or Large East Annex Area

No State turn back fees will be generated until the next decennial census in 2020. Current state turn back fees are \$80/person.

2020 Turn Back Fee Revenue Estimate per year:

West: \$27,434

Minimal East: \$147,231

Large East: \$163,874

Totals = \$174,665 or \$191,308

2033 Turn Back Fee Revenue Estimate per year:

West: \$42,370

Minimal East: \$227,387

Large East: \$253,091

Totals = \$269,757 or \$295,461

2050 Turn Back Fee Revenue Estimate per year:

West: \$74,801

Minimal East: \$401,434

Large East: \$446,814

Totals = \$476,235 or \$521,615

Franchise Fees: (Assuming approximately \$121/single family home/year - equal regardless of annexation scenario)

2016 Franchise Fee Revenue Estimate: \$231,110 or \$253,132

2033 Franchise Fee Revenue Estimate: \$408,007 or \$446,885

2050 Franchise Fee Revenue Estimate: \$720,306 or \$788,943

REVENUE TOTALS PER YEAR (Based on robust population growth of 3.4%/year and office/commercial growth)

2016 Total Revenue Estimate West and Minimal East: \$594,336

2016 Total Revenue Estimate West and Large East: \$687,568

2033 Total Revenue Estimate West and Minimal East: \$1,225,720

2033 Total Revenue Estimate West and Large East: \$1,626,850

2050 Total Revenue Estimate West and Minimal East: \$2,520,846

2050 Total Revenue Estimate West and Large East: \$2,963,581

Costs:

Initial Costs to City:

These costs include the west and the large east annexation areas*

Police, CEOC, and Animal Control:	\$816,157
Fire	\$11,122,393
Sanitation:	\$819,735
Street and Drainage Maintenance:	\$5,000,000
Planning and Zoning:	\$64,340
Building Permits and Inspections:	\$0
Code Enforcement:	\$65,222
Parks Department?:	\$0
IT Department:	\$280,000
TOTAL CITY INITIAL	\$18,167,847

*Conway Corporation Entergy Buyout *Not within the City budget \$5,000,000+?

Yearly Costs to City:

Police, CEOC, and Animal Control:	\$725,666
Fire	\$3,412,393
Sanitation:	\$299,861
Street and Drainage Maintenance:	\$450,000
Planning and Zoning:	\$0
Building Permits and Inspections:	\$0
Code Enforcement:	\$45,222
Parks Department:	\$0
IT Department: (Initial w/25 year amortization)	\$28,000
TOTAL CITY ANNUAL	\$4,961,142

*Conway Corporation Maintenance *Not within the City budget \$?

Costs to Area Residents:

Increase in property tax
Increase in personal property tax
Building permit fees
Subdivision and surveyor fees
Impact fees
Sanitation fees (maybe the same as private collection fees)
Animal license fees
Increase in sales tax for area businesses
Possible improvement districts - street, water, sewer
Conway Corp power could potentially offer a reduced electric bill

* Costs given by Police, Fire, Street, and Sanitation Departments did not break down minimum east and large east areas separately.

Costs Calculations:

Police Department provided initial costs and annual costs for west and large east annex areas.

Fire Department provided initial costs for service of the west and large east annex areas only. Annual costs were calculated by summing annual salaries and adding in a 10 year amortization for vehicles.

Sanitation provided initial costs for service of the west and large east annex areas only. Annual costs were calculated by summing annual salaries and adding in a 10 year amortization for vehicles.

Street Department provided initial improvement costs and maintenance costs at varying levels of service. Calculations are based on the best level of service.

Planning and Zoning would initially need an additional Planner to provide an adequate level of service.

Building Permits and Inspections would incur costs due to additional service to annex areas. However, this figure would vary on the level of activity and would be minimal.

Code Enforcement would initially need a new Code Enforcement Officer to serve the annexed area. This Code Enforcement salary could be seen as ongoing annual costs.

Parks Department did not provide costs estimates as none would be generated. However, consideration to providing annex area park land and facilities will ultimately have an effect on the City budget.

IT Department did not provide a yearly costs to City. Initial costs were amortized over 10 years to reflect on-going maintenance and replacement costs.

Annexation Strategy:

- Stakeholders in the proposed annexation need to be identified
- Stakeholder input is needed and should be incorporated into the analysis
- Potential revenues and costs to the City need to be further defined, incorporated into the analysis, and used to shape final goal
- Define actual area to be annexed
- Create final analysis and/or report
- Council action
- Special election to approve