

EXHIBIT 5 Annexation Policy**CITY OF CARTHAGE ANNEXATION POLICY****INTRODUCTION**

Annexation is the process by which a city extends its municipal services, regulations, voting privileges and taxing authority to new territory. Cities annex territory to provide developed and developing areas with municipal services and to exercise regulatory authority necessary to protect public health, safety and general welfare. Annexation is also a means of ensuring that residents and businesses outside a city's corporate limits who benefit from access to the city's facilities and services share the tax burden associated with constructing and maintaining those facilities and services. Annexation and the imposition of land use/development regulations may also be used as a growth management tool to implement the comprehensive plan.

The purpose of the land use plan is to minimize conflicts between adjacent uses, maximize the efficiency of the transportation network, achieve fiscally sound decisions pertaining to private development and public infrastructure investments, and generally aspire to create a livable environment for the citizens of the City.

Annexation in the City of Carthage (the "City") has occurred sporadically and without the benefit of a written policy or process. Growth in Southwest Missouri over the past decade and a half has heightened the interest and need in having annexation and development policies for the City to follow for planning purposes.

PURPOSE & INTENT

There basically are two types of annexation procedures for Missouri municipalities: 1) the property owners petition a municipality for annexation, and 2) the municipality (City) initiates the annexation. This document is to be used as a guide and reference for consideration of all annexations to the City whether property owner initiated or City initiated. This policy will serve as the foundation for additional research necessary to guide decisions regarding each annexation. Groups such as the Planning, Zoning & Historic Preservation Commission, City Council, and City Staff will use this policy when considering annexation petitions.

The purpose of developing an annexation policy for the City is to provide a rational, consistent and objective methodology for making annexation decisions. By employing a prescribed process, the City Council will use consistent criteria provided to use in determining whether or not an individual annexation request will be in the best interest of the City of Carthage. The policy will also enable the City to be more proactive in identifying areas for annexation and provide for meaningful public participation in formulating the annexation program.

The City of Carthage seeks to annex property within its development area for the following purposes:

- To diversify the economic base and create job opportunities by annexing property for commercial and industrial development.
- To protect public health, safety and general welfare.
- To avoid costly duplication of public urban facilities and services.
- To promote orderly growth by facilitating long-range planning for the provision of municipal services and by applying appropriate land use regulations, development standards, property maintenance standards, fire codes, construction codes and environmental regulations.
- To ensure that residents and businesses outside of the corporate limits who benefit from access to the City's facilities and services contribute property taxes and other revenues to pay for the costs associated with providing and maintaining those facilities and services.
- To direct, protect and preserve its utility services.
- To promote intergovernmental cooperation.

The Council of the City of Carthage has therefore determined that the following policies, guidelines and procedures are in the best interests of the City and its citizens.

GUIDING PRINCIPLES

Annexation should be of mutual benefit to the petitioner as well as the City and its residents. It should be advantageous to the property owners and/or residents in the areas being considered in terms of cost and services received. On the other hand, it should be clearly established that annexation is of value to the City in the realization of its objectives. To this extent, the City of Carthage has set forth the following guiding principles:

- Annexation is the response to growth, and is intended to be pursued in a manner whose fiscal impact on the incorporated City is fundamentally positive.
- Annexation shall not create enclaves (islands or donut holes) within the City limits.
- Annexation of property shall be at least environmentally neutral or improving.
- Annexation shall be in the best overall interest of the City.
- Annexation may require mutually agreed upon development agreements where necessary.

STATEMENT OF POLICY

In order to achieve orderly growth while developing a more cohesive and less fragmented City boundary and a high quality community, the City of Carthage shall entertain those annexation petitions, property owner initiated or City initiated, involving the addition of real property to the boundaries of the City. While entertaining these annexation petitions, the City Council shall weigh all of the relevant factors and make an informed decision on each proposed annexation. The primary concern of the City shall be whether the proposed annexation would be in the best overall interest of the City. The City's Annexation Policy therefore recognizes factors of concern and provides a method for evaluating the impact of the proposed annexation. The City's annexation policy is driven by the ability of the City to reasonably provide needed and necessary services to any area proposed for annexation. This includes provisions related to public safety (police, fire and emergency

services), infrastructure (electric, water, sewer, drainage and roads), quality of life, and compatibility with long-range development plans as identified in the Carthage Comprehensive Plan.

PRIORITIES

The following areas of priority exist in order of importance for consideration of annexation into the corporate limits of the City:

- Areas of undeveloped land for commercial, industrial growth located adjacent to the existing City limits that meet contiguity requirements. The 1994 Comprehensive Plan Update (Development Objective D4) states that the City should, “plan for annexation of land west and south of the City and provide for growth in response to the state highway improvements at interchanges with U.S. Alt. 71 Highway.” In order to achieve this, the plan delineated two actions. 1) Plan for annexation to create room for urban growth within the City, expanding the market choice for land, particularly for multifamily housing, commercial, industrial and expanded tourism development, and 2) plan for annexing vacant land adjacent to the City where growth is projected.
- Unincorporated "Islands" within the existing City limits.
- Areas (if any) currently served by City utilities not within the corporate boundary.
- Areas of strategic importance or deemed desirable not connected to City utilities.
- Protection of valuable natural resources to protect environmentally sensitive areas.

ANNEXATION POLICIES

The City Council has determined that for the reasons listed above, that certain policies are in the best interest of the City and its citizens. It is strongly suggested that careful thought be given to each of these policies, and that substantial compliance be required for the City’s best overall interest and those included in an annexation area. The following is a set of policies for use in considering a petition for annexation:

- The City shall pursue a systematic annexation process to promote orderly growth and the provision of municipal services and to preserve the City's fiscal position.
- The City shall consider annexation as a means of managing growth and providing zoning controls.
- The City shall consider annexation of an area in the immediate path of growth to prevent undesirable development patterns.
- All annexation should have a positive impact on the City financially. The City shall pursue an annexation program that adds to the economic stability of the City.
- The City shall consider annexation of an area to increase the quality of life, upgrade utility facilities, and provide the necessary services to meet the specific needs of the residents in the development area.
- Areas of unincorporated land that are considered a liability for any reason shall be avoided unless they are of strategic priority or that benefit the City in some fashion that mitigates the

financial impact.

- Annexation should be considered based on the availability of utilities. Incremental growth is suggested near existing city limits as municipal utility and departmental capacity permits.
- Annexations that would result in the creation of islands or peninsulas of unincorporated area shall be avoided if possible. Annexation (property owner initiated or City initiated) of existing unincorporated island or peninsula areas is suggested, including those that would result in the annexation of portions of these areas, thereby making them smaller.
- Annexations of larger than five acres are strongly encouraged in order to avoid smaller piecemeal annexations of single parcels. This encourages the collection of a number of parcels for annexation at one time.
- The City shall adopt a more proactive position in utilizing the tool of annexation, prior to development, to control the type, quality, and location of development in areas currently outside the City limits.
- That annexation generally follow existing roads and utilities in order to minimize the public expense for extension of main or service lines and streets.
- Each annexation should require a disclosure by the developer of anticipated needs of utilities and street improvements and a timetable of anticipated development.
- Extensions of main and service lines shall be chargeable to the property development rather than to the public generally.
- The City shall consider annexation of an area to protect environmentally sensitive areas and to better regulate the quality of the development in the area.

PROCEDURES

How is Annexation Accomplished?

There are two types of annexation: property owner initiated and City initiated. Each involves a different process.

Property owner initiated annexation into the City is a relatively simple process. Basically, it involves the following steps:

1. Submission of a completed annexation petition with applicable fee.
2. Review by Staff and Planning, Zoning & Historic Preservation Commission.
3. Passage of a resolution by the City Council.
4. The holding of a public hearing.
5. Acceptance by the City of Carthage for annexation.
6. Setting the zoning of the property.

This entire process takes approximately two months. All that is required of the property owner is the submission of a completed annexation petition, obtainable from the City.

City initiated annexation involves the following steps:

1. Adoption of resolution of intent to annex.
2. Preparation of the plan of intent.
3. Introduction of the annexation ordinance.
4. Public hearing.
5. Adoption of annexation ordinance.
6. Obtain declaratory judgement.
7. Election.

Under Missouri law, the annexation must be approved by a majority of voters in separate elections held in the area to be annexed and in the City.

ROLES OF CITY ADMINISTRATION, STAFF, PLANNING, ZONING & HISTORIC PRESERVATION COMMISSION AND MAYOR AND CITY COUNCIL

Roles of City Administration, Staff, Planning, Zoning & Historic Preservation Commission and Council; each of these individuals/entities has a specific role in the process of annexation. First, the City Council sets overall City goals and objectives including this policy, and the staff takes in petitions for, or initiates annexation of areas based on these objectives. The petition is then introduced to the Planning, Zoning & Historic Preservation Commission, which reviews with staff and passes on an advisory recommendation either in support of, against, or neutral to the petition to the City Council. The Council then conducts a public hearing and considers all aspects of the annexation petition. They ultimately vote to approve or deny the annexation ordinance as introduced. Finally, after annexation, the action is recorded with the County, and the appropriate City departments amend all applicable documents and notify the appropriate agencies, individuals, etc. as to the property being incorporated into the City.

ZONING

Parcels proposed for annexation to the City shall be pre zoned as District A, First Dwelling House District. Pre zoning shall remain unless or until a request for re zoning is submitted or if the property owner or City initiate procedures for other than District A, First Dwelling House District zoning as a condition of annexation. In the latter case, zoning will be in substantial compliance with the City's Comprehensive plan.

**APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARTHAGE
OCTOBER 11, 2005.**