

# Eastern Ames Annexation

## *-Next Steps-*

September 11, 2012



**Ames Economic Development Commission**

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**City of Ames**

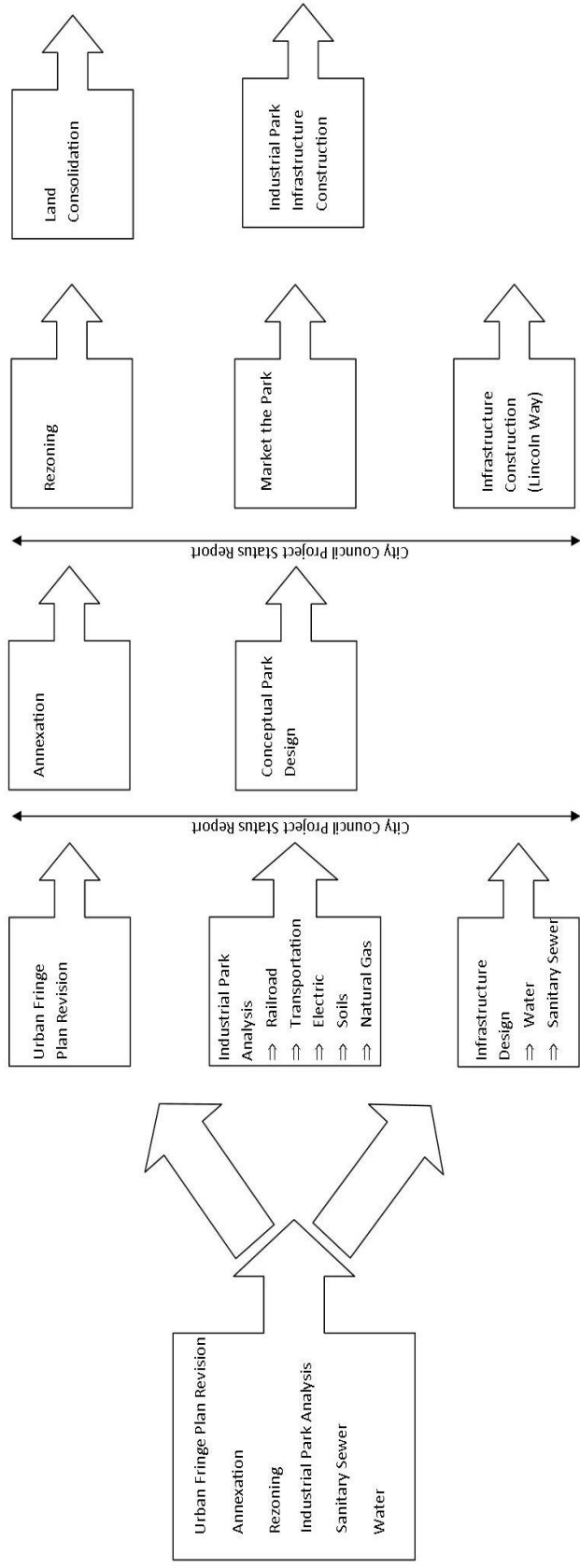
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## NEXT STEPS

***Process:***

This project is complex with many moving parts. Some need to occur simultaneously, and some cannot overlap. To clarify expectations of the timeframe for development of this area, the project flowchart on the next page has been created.



## LAND USE STEPS

### ***Urban Fringe Plan Revision:***

The Urban Fringe Plan Revision will need to occur prior to the annexation of land. The properties that are within the Phase I annexation area, located east of the current City limits and on either side of 580th Avenue, are currently designated as Agricultural/Long-term Industrial Reserve. Properties that are located further to the east are designated as Agriculture and Farm Service with the waterway designated as a Natural Area.

To prepare for annexation and for future industrial development, the proposed designation for the annexation area must be changed to Planned Industrial. While the Urban Fringe Plan Revision process may be initiated by a property owner, it is expected that this step will be initiated by the City itself, due to the need for other revisions within this general area. The Urban Fringe Plan revision will involve consultation with Story County and Gilbert; and is expected to take three months to complete.

### ***Annexation:***

At the City Council's meeting on March 27, 2012, the Ames Economic Development Commission was directed to contact property owners within the annexation area who have been reluctant to annex their properties with an offer of the following incentives:

1. Partial tax exemption;
2. Waiver of water connection fees; and
3. Waiver of sanitary sewer connection fees.

Prior to contacting the property owners, the proposed incentives were discussed with the City's Legal Department. It was determined that annexation contracts can be prepared with incentives included so that the property owners are not obligated to annex their property if the City of Ames does not extend the infrastructure, and the City of Ames can move forward with the infrastructure with the promise of annexation. The Legal Department was able to clarify the proposed incentives:

### ***Partial Tax Exemption:***

The AEDC was originally prepared to offer this incentive to only the property owners who may not be interested in annexation without the partial tax exemption. However, the City Attorney clarified that this partial tax exemption would need to be offered to the entire annexation area at the following schedule:

1. For the first and second years, 75%.
2. For the third and fourth years, 60%.
3. For the fifth and sixth years, 45%.
4. For the seventh and eighth years, 30%.
5. For the ninth and tenth years, 15%.

Understanding that all property owners could potentially receive this exemption, the AEDC requested that the City Assessor review the properties in the

annexation area to determine the effect of the partial tax exemption. With the assistance of the City Assessor and the City's Finance Director, it has determined that with the 75% partial tax exemption, the City tax revenue would be reduced by a total of approximately \$7,036 during the first and then again in the second year.

The City Attorney has also clarified that the partial tax exemption is tied to the property, so that if a property receiving the partial tax exemption were to develop during the 10-year period, the property owner would receive the tax exemption for a developed site, which would be a significantly higher amount than the residential or agricultural taxes paid previously.

*Waiver of water connection fees:*

The annexation area is located within the Central Iowa Water Association's (CIWA) service territory, and a final determination on provision of water service in this area has not yet been reached. Therefore, the City Attorney has indicated that this incentive cannot be provided due to this unresolved issue.

*Waiver of sanitary sewer connection fees:*

The annexation area will clearly be served with sanitary sewer by the City of Ames. This incentive was offered to the three property owners who have not been interested in the annexation.

The AEDC has contacted the three residential property owners with the opportunity of offering partial tax exemption and waiving sanitary sewer connection fees, and has received a response from one property owner. The response received unfortunately continues to be non-consenting. The remaining two property owners have been sent an e-mail correspondence as well as a certified letter asking for their response to these incentives. AEDC staff has received documentation that the certified letters have been received by the two remaining residential property owners; however, responses to the offered incentives have not been forthcoming. Therefore, continued non-consent to the annexation is assumed.

The AEDC is now ready to work directly with the City Attorney to create the annexation contracts and prepare the annexation petitions for the remaining, consenting property owners within the annexation area, so that the City Council may have those agreements and petitions in place prior to construction of the sanitary sewer line.

***Rezoning:***

Upon annexation to the City, each property will be zoned Agricultural. Prior to development of the property, each site would then need to be rezoned to an Industrial zoning designation. The Rezoning could occur as the individual properties develop. The Rezoning process takes approximately two months.

***Land Consolidation:***

To respond to inquiries for property in an industrial park, it is necessary to consolidate the property for development by purchasing the property outright or by acquiring

options on the property. The purchase or option on the property provides a consistent and reliable purchase price.

## **INDUSTRIAL PARK DEVELOPMENT STEPS**

### ***Industrial Park Analysis:***

At the same time the Urban Fringe Plan is being revised, the AEDC is prepared to move forward with an Industrial Park Analysis. This Industrial Park Analysis will consist of a preliminary review of infrastructure items such as the railroad, surface transportation, electric service, natural gas, and soils; thereby clarifying expectations for this project as it moves forward and minimizing the risk of later surprises. It is anticipated that the Ames Economic Development Commission (AEDC) will receive a scope of services soon for the Industrial Park Analysis and will approach the City Council to explore the opportunities of cost sharing this analysis in the future. Upon authorization from Council, the design of sanitary sewer (and potentially water) will also occur during this first phase.

### ***Conceptual Park Design:***

The Industrial Park Analysis will likely contain scenarios for conceptual park designs which are flexible to accommodate the myriad of development types that could occur within the industrial park. The conceptual park design will identify any constraints that are found within the Industrial Park Analysis and will further detail items such as railroad access and needed internal public infrastructure such as water, sewer, electric and roadways.

### ***Marketing Park:***

Once the Industrial Park Analysis and conceptual park design are complete, the AEDC can move forward with marketing the Eastern Ames Industrial Park to investors through coordination with the Iowa Economic Development Authority, Iowa State University and the numerous marketing trips that the AEDC participates in.

### ***Industrial Park Infrastructure Construction:***

Construction of the infrastructure that is internal to the park is highly dependent upon the type and size of development that is proposed. A determination will have to be made regarding the financing of these improvements at a later time.

## **UTILITY EXTENSION STEPS**

### ***Extension of Sanitary Sewer:***

The 2012/13 Capital Improvements Plan includes \$3,500,000 for extension of the City's sanitary sewer system to serve this area. The City Council has also adopted a sewer rate increase to finance these improvements.

As soon as Council is comfortable moving forward with these sanitary sewer improvements, staff will initiate a design contract for this work.

### ***Provision of Water Service:***

As was noted above, the Central Iowa Water Association provides potable water service in this area. Due to the fact that CIWA has outstanding loans from the USDA's Rural Utilities Programs, CIWA - rather than the City - has a protected right to provide

service to these annexed lands. Unfortunately, federal law also excuses CIWA from the responsibility to provide fire flow protection to the area.

Staff has endeavored to work with CIWA staff to determine if that association is prepared to provide needed quantities of water and fire protection to serve this industrial expansion. In the attached letter just received from CIWA CEO Jim LaPlant, three scenarios are suggested for providing water service to the area. It is clear that further discussions with CIWA are needed to determine the most cost-effective and appropriate approach.

### **PROJECT STATUS REPORTS**

Project status reports for the City Council have also been integrated within this flowchart. Two status updates occur at strategic periods to not only update the City Council, but to also allow for review prior to allocating additional funding or making other official commitments toward the Eastern Ames Annexation project.

### **RECOMMENDED NEXT STEPS**

In order for the eastern Ames industrial annexation to move forward, it is recommended that Council give direction in the following areas:

1. Urban Fringe Plan revision – Direct staff to initiate an amendment to the Urban Fringe Plan to reflect the new industrial uses planned for this area.
2. Annexation contracts – Authorize AEDC staff to secure signed annexation agreements with consenting property owners, to include only the sanitary sewer hook-up fee waiver, for future Council consideration.
3. Sanitary sewer design – Direct staff to solicit engineering proposals for design of this infrastructure.
4. Water Service – Direct staff to continue discussions with CIWA and to bring back viable options for providing potable water and fire flow protection to this area.



# Central Iowa Water Association

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*Equal Opportunity Employer and Provider*

September 6, 2012

Mr. Bob Kindred  
City of Ames

Dear Bob:

Thank you for the calculations and analysis regarding the projected water demands for the Ames East Industrial Area when it is fully developed. If the assumptions in the analysis are correct, it appears the peak daily demand may well approach 3.0 MGD.

Albeit presently there is no demand for water in this area, as development occurs CIWA will address any increase in demand in accordance with its usual and customary business practices - - assuring that the needs of its new customers are met cost effectively but in a manner that does not jeopardize the financial integrity of CIWA or overburden its other customers. This business philosophy has sustained CIWA well for many years and put it on very solid financial footing.

CIWA has infrastructure and capacity in place to meet current and reasonably foreseeable water supply demands for the Ames East Industrial Area. Furthermore, CIWA stands ready, willing, and able to be innovative and collaborate with Ames regarding water supply services whenever appropriate to enhance and facilitate development of the Ames East Industrial Area. This would include consideration of all options such as:

- [a] CIWA exclusively developing infrastructure, water supply, and treatment and distribution systems for the Ames East Industrial Area; or
- [b] CWA constructing a large diameter water main through the Ames East Industrial Area that would serve this area and also link Ames and Nevada for emergency purposes with arrangements to fund and construct elevation storage for fire protection as well; or
- [c] CIWA relinquishing certain parts of the Ames East Industrial Area territory to Ames in return for compensation to CIWA in the form of purchased water supply capacity or cash buyout or both.

In summary, CIWA appreciates being kept apprised of Ames' development plans for the Ames East Industrial Area and looks forward to working with Ames to assure that the water supply demands of this area are met as development occurs.

Sincerely,  
Central Iowa Water Association

James R. LaPlant, P.E.  
CEO/Engineer