

COUNCIL ACTION FORM

SUBJECT: INITIATION OF ANNEXATION FOR McCAY PROPERTIES IN THE SOUTHWEST ALLOWABLE GROWTH AREA

BACKGROUND:

The City of Ames received an annexation petition for several properties totaling 258 acres in the Southwest Allowable Growth Area. The petitioners are the Douglass Rex McCay Trust and the Wanda Chaffin McCay Trust. Together, they own 251.28 acres on the south side of US 30, west of South Dakota Avenue. Because their property surrounds two other properties, an additional 6.72 acres would need to be annexed in order to avoid creating an island. John Moore owns one property and Katherine Frame the other. A map of the requested annexation is found in Attachment A.

Southwest Allowable Growth Area: The Land Use Policy Plan (LUPP) has identified areas intended to be annexed and developed for residential purposes and these are known as Allowable Growth Areas. A map of these areas is found in Attachment B. The subject properties are principally within Southwest I Allowable Growth Area, as most of the McCay land area is north of Worle Creek.

The Southwest Allowable Growth Area was once identified as the Southwest Priority Growth Area prior to 2011 LUPP Amendments creating the allowable growth terminology in place of the priority growth terminology. Amendments to the LUPP in 2011 further differentiated Southwest I as an Incentivized Growth Area, for which the Capital Investment Strategy of the LUPP identifies ways in which the City may contribute to the costs of development. Attachment C is an excerpt of the LUPP Allowable Growth Policies for the Southwest and Attachment D is an excerpt of the Capital Investment Strategy.

The City has already made significant investment over the years to facilitate the future annexation and development of this area. A South Dakota Avenue/US 30 interchange was developed. The City constructed a new water tower along 500th Avenue and a separate water pressure zone to better serve this western area. South Dakota Avenue was widened to accommodate future traffic loads. And a Worle Creek Sanitary Sewer Study was completed to identify how to serve the areas north and south of the creek.

Service and Infrastructure Issues: The area currently is not served by most City infrastructure. Part of the Southwest Growth Area is within the Xenia service territory and part is within the City's. The McCay land is in an area the City believes is part of the City's service territory. The City has water available on the north side of US 30 at several locations that would need to be extended south under Highway 30 to serve the site in the future.

The Southwest area located south of Highway 30 lacks readily available service connections and significant sewer line extensions are needed into the area. In response to concerns expressed by property owners along Worle Creek

regarding potential environmental impacts of a sewer line within the creek area, the City Council approved back in January 2005 a concept for two sanitary sewer lines to be constructed connecting to the southeast, near Dartmoor Lane. One line would be on the north side of Worle Creek and the second line would be on the south side of Worle Creek. In regards to the McCay lands, future development would require nearly 6,000 feet of sanitary sewer extension on the north side of Worle Creek across lands owned by Iowa State University, the ISU Foundation, the Committee for Agricultural Development, and several private landowners.

Part of the Southwest Growth area is within the Ames School District and the remainder is within the United School District. Electric services are also split between Ames Electric and Midland Power Coop.

Owners' Plans: Mr. and Mrs. McCay are seeking to sell their home on the south side of 240th Street (see Attachment B). It is a 75-acre parcel of land containing a home, several outbuildings, a pond, and a forest reserve designation. A prospective buyer wishes to purchase a portion of the McCay property with the existing house, but not the entire developable area of the parcel. Mr. McCay would need to prepare a subdivision plat for approval by the City to divide the property as described. **The desire to split part of this 75 acre parcel off to sell the existing home is the motivation for this annexation request.** The McCay's have no other specific development interest at this time for their remaining land that is part of annexation request.

The McCay approach differs from most annexation requests that the City has considered in recent years. Their goal is to complete a two-lot subdivision of an existing house and there is no intent for immediate development. Typically, rural lot divisions are requested through subdivision waivers approved by City Council. However, this area is designated as Urban Residential in the Fringe Plan and the City's policy would be for annexation and the installation of infrastructure (or financial guarantee submitted) prior to subdivision. Annexation was suggested by staff as an option to the property owner to support his desired lot split and align with City policy of the Fringe Plan. However, the owner would like to split the lot prior to annexation due to the potential length of time to complete the annexation.

The second difference is that large annexation area requests have traditionally included an immediate development interest. With large annexation requests, the City has considered general development issues of a site and may enter into a pre-annexation development agreement to deal with essential service issues. In this case, there is no pending development request to motivate annexation and to discuss development details. Therefore, a specific development agreement is not sought by the McCays. Staff has looked at this action as essentially taking in agricultural land with a few existing homes requiring City services and deferring development considerations until a future date.

Although no development is proposed, staff has indicated that the standard agreement for city costs associated with any necessary rural water territory transfers would be borne by the property owner would be required to proceed with annexation. Additionally, staff believes a waiver of right to withdraw is needed for the annexation to secure the City's investment in time to proceed with the process. Mr. McCay has indicated his willingness to sign such agreements.

Next Steps:

Typically, when an annexation request is submitted, especially one of this size, the City Council has directed City staff to meet with other property owners to gauge their interest in joining an annexation. **Since this area has had a longstanding interest by the City for annexation for residential development, maximizing this opportunity would be prudent at this time.**

Staff believes that with current resources that outreach would happen in the next 6 weeks with a return to Council for direction by the end of September. After these outreach meetings, staff will provide options to the City Council regarding enlarging the initial annexation request by including other owners who wish to be annexed, or by including non-consenting owners that may be needed to avoid creating islands or to create more uniform boundaries as allowed by state law. Such non-consenting owners may not exceed 20 percent of the land area of the proposed annexation. Attachment E contains some of the outreach material that will be provided to nearby property owners who may have questions about annexation into Ames. If no other property owners were to join this annexation request, an additional 50 acres of property could be added under the 80/20 allowances.

While staff has not begun officially gauging interest in this annexation by other property owners, staff is aware that representatives of the 50-acre Crane property on the north side of Highway 30 are interested in annexation and development along an extension of Mortensen Road to 500th Avenue. This property is identified on Attachment A for reference. Staff believes a request for annexation of the Crane property will be submitted shortly. This property may or may not have implications for a broader annexation strategy for the Southwest based upon other outreach to property owners in the southwest.

ALTERNATIVES:

1. The City Council can accept the petition for annexation from Doug and Wanda McCay and direct staff to seek other owners in the Southwest Allowable Growth Area who may wish to seek annexation. Under this alternative, staff will return to the City Council with options to define the extent of the annexation before formally proceeding with the annexation request.

This option would include having McCays submit a binding waiver to withdraw their petition prior to commencing statutory noticing requirements for the annexation area. It would also require McCays to sign a water service covenant regarding any related City costs for a buyout of Xenia territory, if needed, prior to commencing statutory noticing.

2. The City Council can accept the petition for annexation from Doug and Wanda McCay without seeking whether other owners wish to annex. This option would still require the non-consenting annexation of Moore and Frame in order to avoid creating an island.

Like Alternative 1, this option would include having McCays submit a binding waiver to withdraw their petition prior to commencing statutory noticing requirements for the annexation area. It would also require McCays to sign a water service covenant regarding any related City costs for a buyout of Xenia territory, if needed, prior to commencing statutory noticing.

3. The City Council can choose to not move forward with a Southwest annexation at this time.

Under the current policies of the City, McCay could not divide his land for the purposes of selling a portion of the 75 acre parcel.

4. The City Council can choose to not move forward with a Southwest annexation at this time and indicate a willingness to consider a subdivision waiver to allow for the McCay lot split of dividing the existing lot through our typical rural subdivision process.

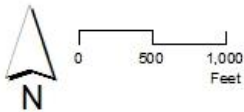
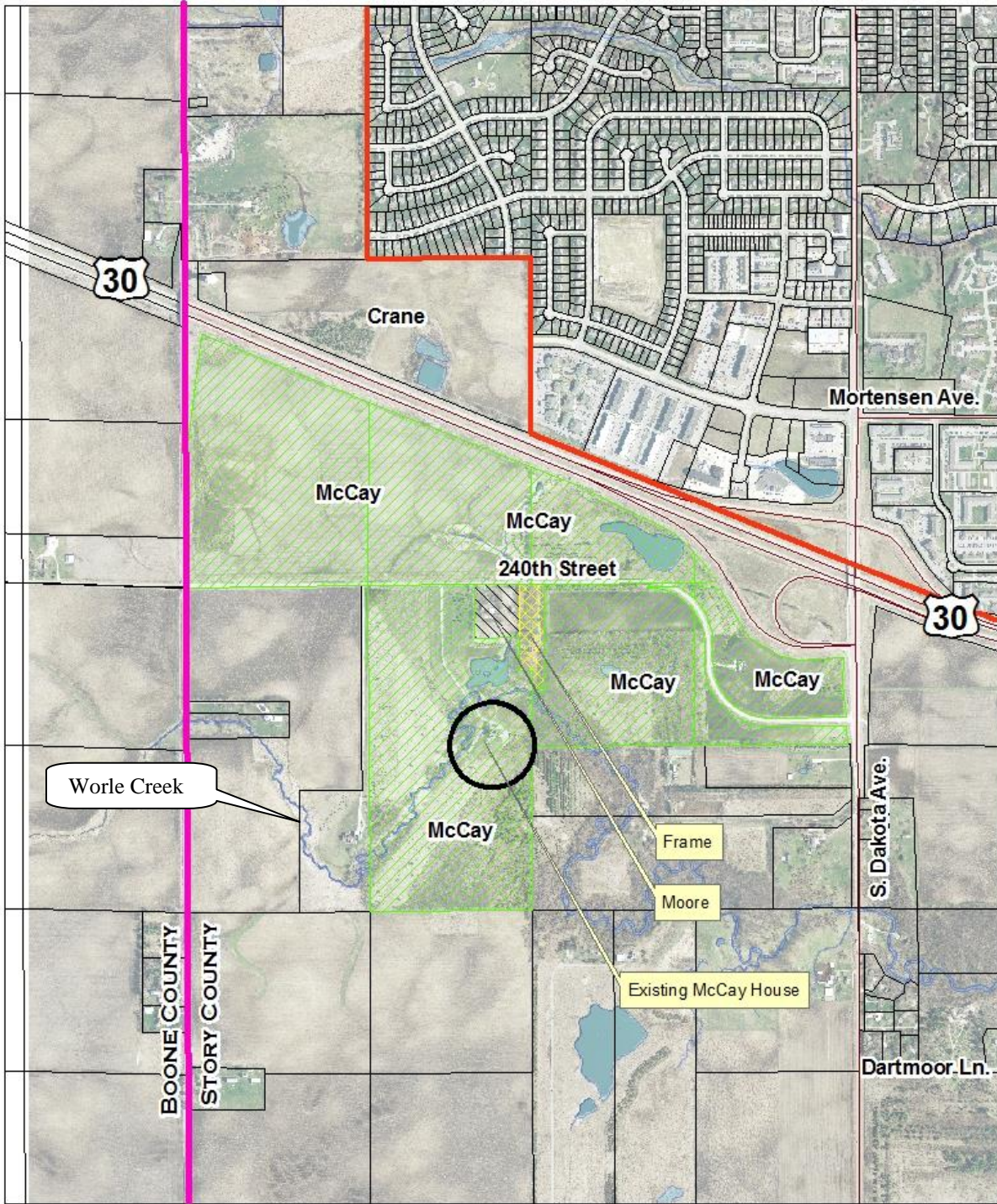
This option would allow the McCays to meet their current interest of selling their existing home and defer any annexation of land until there is developer interest to enter into a pre-annexation agreement that would detail the development needs and obligations for the area to be served by the City. Typical rural subdivision covenants for future annexation, water service, and assessment districts would still be required of the 75 acre parcel subdivision.

MANAGER'S RECOMMENDED ACTION:

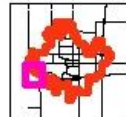
The Southwest Allowable Growth Area has long been considered the next development area on the periphery of Ames. Because of that expectation, the City has made several investments in water service and traffic infrastructure. However, sanitary sewer services are not yet readily available. The annexation of this area would, however, be the next step in ensuring that this land is available for residential development in the mid-term horizon. Although previous planning for services to the area has been done, there have been no development agreements or budgeting by the City for extending services to the area at this time. **Service to this area will require more detailed planning and property owner agreements prior to any future rezoning of the property for development.**

Because of the longstanding desire of the City Council to expand into this growth area, staff believes breaking with the tradition that requires both a pre-annexation agreement and the requirement to wait to subdivide until the annexation is completed is warranted. **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1, accepting the annexation petition of the Douglass Rex McCay Trust and the Wanda Chaffin McCay Trust (and including two non-consenting owners, John Moore and Katherine Frame) and directing staff to reach out to other property owners in the Southwest Allowable Growth Area to determine any additional interest in annexation.**

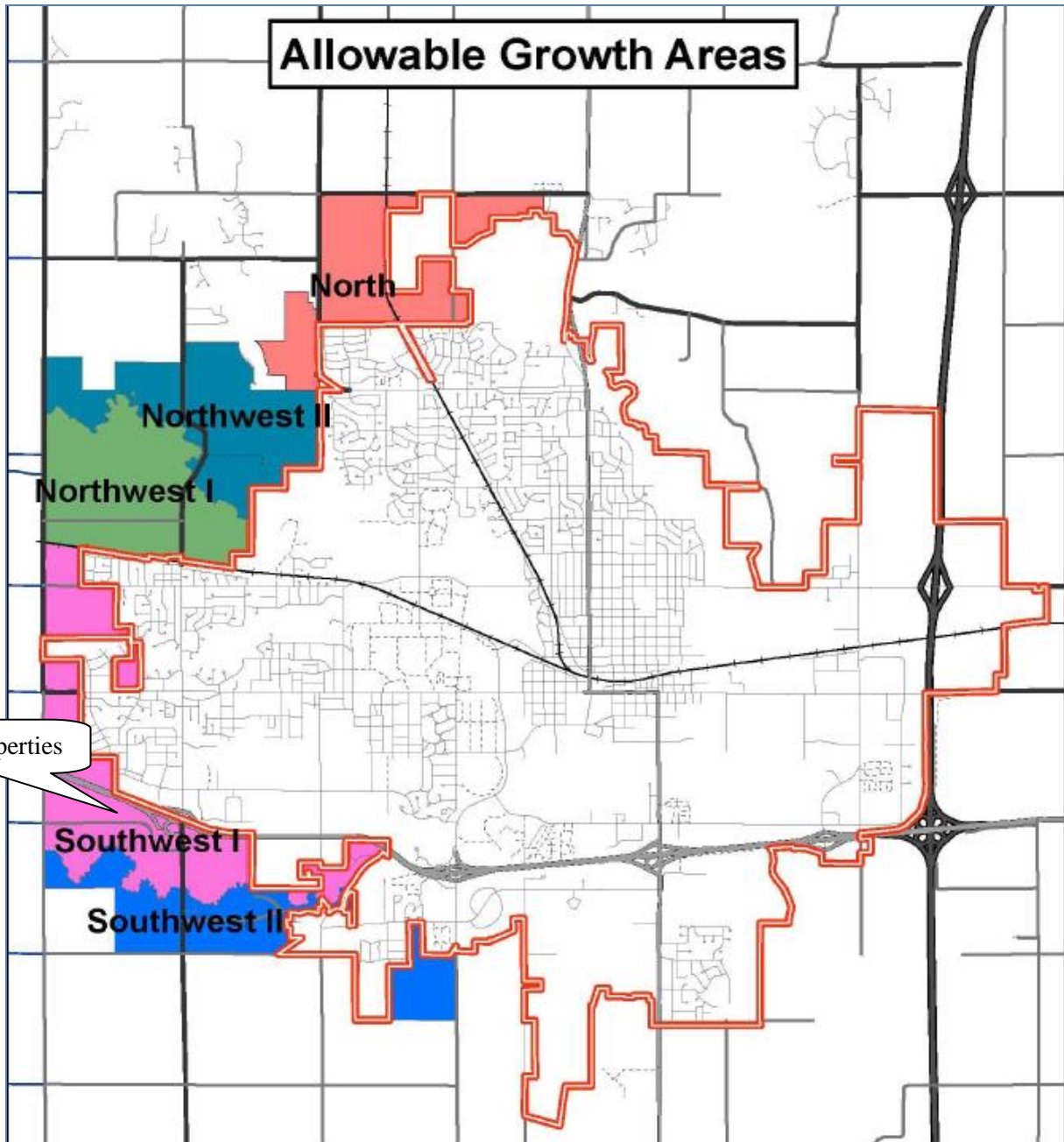
ATTACHMENT A: REQUESTED ANNEXATION



Legend
Ames City Limits



ATTACHMENT B: ALLOWABLE GROWTH AREAS



ATTACHMENT C: SOUTHWEST ALLOWABLE GROWTH POLICIES (LUPP, CHAP. 6, PAGE 111)

Southwest Allowable Growth Area. Portions of the City and Planning Area near the western limit of Highway 30 are recommended for designation as an Allowable Growth Area. To the extent that major landholders can make sites available, new development should be concentrated in the area. These areas are identified as Southwest I and II.

The concentration of new lands for development should be readily served by public infrastructure. Such a concentration can be found immediately north and south of Highway 30. If the presence of the limited-access highway is utilized as a spine for future development rather than a barrier, the potential for growth to the southwest increases. Although a new interceptor sewer is required, the location of the wastewater treatment plant further south and in the same watershed makes expanding the City's wastewater facilities in the southwest area more cost effective.

Access to the southwest area is provided by the Highway 30 and University Drive interchange and by South Dakota Avenue. An additional interchange with Highway 30 serving the southwest area is recommended. Representatives of the Iowa Department of Transportation have voiced general support for using Highway 30 as access for the southwest growth area and for locating an interchange further west on Highway 30.

Development Policies for the Southwest Allowable Growth Area. Ames should establish the following policies to guide the development of the Southwest Allowable Growth Area.

- A. A new interchange further west along Highway 30 should be pursued. Location of the interchange should be coordinated with any major thoroughfare improvements in the northwest.
- B. In order to increase and accelerate growth opportunities in preferred but currently constricted locations, a major new development area should be targeted in the southwest associated with Highway 30.
- C. The City should encourage ISU's consolidation/relocation of its agricultural farms from north and south of Highway 30. Provided that ISU releases some holdings in this area, the City should coordinate its infrastructure improvements with the timing of development in the area.
- D. If, through the relocation of any ISU agricultural farms, a large undeveloped location is created in the southwest area, the location should be recommended for more intensive residential use and supporting commercial.
- E. Designation of a Southwest Allowable Growth Area should not preclude growth from occurring in areas that are currently zoned for development and have adequate capacity in the infrastructure serving them.

ATTACHMENT D: CAPITAL INVESTMENT STRATEGY (LUPP, CHAP. 6, PAGE 113-114)

Capital Investment Strategy. In an effort to stimulate development in certain portions of the Allowable Growth Areas, the Capital Investment Strategy contains incentive provisions, which are available to developers who must install major infrastructure improvements. Under this strategy, the City might consider paying the cost of some or of the entire major infrastructure required to expand sanitary sewer mains, water mains, and paving four lanes of arterial streets. The Allowable Growth Areas in which City incentives are available are called Incentivized Growth Areas.

The Capital Investment Strategy contains a disincentive provision for development that occurs outside of the Incentivized Growth Areas. Where development is permitted to occur outside of the identified Incentivized Growth Areas, the developer is responsible for all costs associated with the development of the area. These allowable growth areas that are not incentivized can be referred to as Non-incentivized Growth Areas.

The Capital Investment Strategy adopted by the City Council is stated as follows:

Within Southwest I Allowable Growth Areas - Village Residential.

For new development within the Southwest I Allowable Growth Area as defined in the Land Use Policy Plan that utilize the Village Development option outlined in the Plan, including Commercial Land Uses that are integrated into the Village, the incentive of the Capital Investment Strategy will pay a percentage (determined by the City Council) of the cost of the major infrastructure (trunk water and sewer mains and arterial streets) **within** the proposed project.

Within Southwest I and Northwest I Allowable Growth Areas - Suburban Residential.

For new Suburban Residential development that occurs within the Southwest I Allowable Growth Area or Northwest I Allowable Growth Area, an incentive provision of the Capital Investment Strategy will pay the costs associated with over-sizing infrastructure improvements if the improvements are determined necessary to meet future planning objectives within and outside the time frame of the Land Use Policy Plan, and deemed fiscally responsible and appropriate by the City of Ames.

ATTACHMENT E: FREQUENTLY ASKED QUESTIONS

QUESTIONS REGARDING ANNEXATION

What will be the zoning of my property after annexation and what does that mean? Will it have to change?

Upon annexation, a property is automatically zoned A-Agriculture. It will remain A-Agriculture until action by the City Council to change the zoning map. According to Ames City Code, the property owner, the Planning and Zoning Commission, or the City Council can initiate a zoning map change.

The property will be subject to all the zoning requirements of the City. For any specific question about how the requirements impact a particular property, please contact the Planning Division. However, a residential property in the A-Agriculture zoning district would be allowed to maintain that use indefinitely. If damaged or destroyed, a residential use could be re-established subject to the zoning requirements regarding setback, height, etc. There may be greater restrictions than the county would have on accessory and out buildings.

Inside the City, there are other restrictions that are often not found in the county. For example, discharging a firearm (except on agricultural land) and the burning of garbage is prohibited.

Am I required to disconnect from Xenia and hook up to water service when it comes near my property? Will there be connection fees? Can I connect to the new water main with my existing service line? What inspections will I need?

There is no requirement to connect to city water upon annexation unless you are subject to a covenant with the City of Ames to connect and pay the costs associated with the buyout of rural water. You may continue to use a well or, if you are already an existing Xenia customer, you may continue to purchase water from Xenia. If you choose to connect to the City of Ames water system, you may have to pay the costs of buying out water service territory from Xenia. New connections to Xenia will not be possible.

If you choose to connect to the public water system, you may be subject to an inspection of your plumbing system to determine whether the system has adequate venting and backflow protection to protect the public water system. You will need to correct any deficiencies found in that inspection prior to connecting to the public water system. It may be possible to use your existing service lines if it can be verified that they are made of approved materials and are in a safe condition. Any connection will need a plumbing permit and an inspection. Unless you are subject to a previous agreement with the City, there is a water connection fee, subject to change, of \$18 per linear foot of frontage.

Am I required to hook up to the sanitary sewer when it comes near my property? Will there be connection fees? What inspections will I need?

A connection to the City sanitary sewer system is required only if the existing system needs to be repaired and it is within 200 feet of a public sanitary sewer. The owner will need to obtain a plumbing permit and the connection is subject to review by the Inspections Division. Unless you are subject to a previous agreement with the City, there is a sewer connection fee, subject to change, of \$18 per linear foot of frontage.

The Story County Environmental Health Department does not determine if the septic system is functioning at the time of annexation, nor does the City. The County does inspect on-site septic systems when a house with a septic system is sold, whether it is in the city or out in the county.

If an on-site septic system is abandoned, the septic tank shall be pumped, the tank lid crushed into the tank, and the tank filled with sand or soil. The Story County Environmental Health Department can provide further information.

How will my taxes change after annexation?

After annexation, your property will be subject to the City of Ames levy, but no longer subject to the Rural Service Basic levy. Other levies, for example school district and county, will remain. The total levy for properties in Ames and in the Ames Community School District (for taxes payable July 1, 2013 through June 30, 2014) is \$32.40069 per \$1,000 of taxable valuation. This compares with \$25.51437 per \$1,000 of taxable valuation for property owners in Washington Township in the Ames Community School District. The new levy will not be applied immediately upon annexation but will appear in your property tax statements about 20 months after the first day of the year that the City assessor revalues the property. The Story County web site has a tool to help you estimate your taxes, based on the city and school district in which your property is located. It can be found at: <http://www.storycountyiowa.gov/index.aspx?nid=968>.

Can I continue to heat using LP gas? Am I required to connect to natural gas? If so, when will that be brought to my property?

There are no prohibitions on LP tanks in the A-Agriculture zoning district. If you were to seek a change in zoning to some other residential district, there may be restrictions and be subject to the approval of the Ames Fire Department.

The City's natural gas provider is Alliant Energy. Under the terms of the franchise agreement, the provider must provide natural gas to the property line of anyone who requests in writing to Alliant Energy, to be served. If you wish to connect to natural gas, you will need a permit from the City and have the work inspected.

Under what circumstances can I get a burn permit for trees and brush? Are there fees?

The burning of yard waste is prohibited unless you apply for and obtain a burn permit from the Ames Fire Department. When evaluating an application for a burn permit, the Shift Commander will look at a number of factors, such as hydrant location, fire department access, proximity to combustibles, weather conditions, etc. There is no guarantee that a permit will be issued but the department will always do their best to work with you to find a solution. There is no fee for a burn permit.

I have a building under construction. If I am annexed prior to finishing it, will I need permits to complete it?

The County and the City have different permitting requirements and every project is unique. Please coordinate directly with the Ames Inspection Division to determine permitting needs. Also, please contact the Planning Division to determine zoning requirements for your project.

Important Numbers:

Planning Division	515-239-5400
Inspections Division.....	515-239-5153
Fire Department.....	515-239-5108
Story County Environmental Health Department.....	515-382-7241