ITEM # <u>21</u> DATE: 11-15-16

### **COUNCIL ACTION FORM**

REQUEST: XENIA RURAL WATER TERRITORY TRANSFER AGREEMENT FOR THE AMES GOLF & COUNTRY CLUB AND THE IRONS SUBDIVISION

### **BACKGROUND:**

The City Council is asked to approve an agreement between the City and Xenia Rural Water District regarding the buy-out and transfer of rural water service territory for The Irons subdivision and the Ames Golf and Country Club (AGCC). The Irons Subdivision and AGCC are adjacent to the City and within the North Allowable Growth Area, but within the Rural Transitional Area of the Urban Fringe Plan. The City Council approved the preliminary plat on June 14, 2016, subsequently amended on September 13, to divide the AGCC property and allow for development of the Irons Subdivision. A location map is attached.

In May, 2014, the City Council accepted the three covenants from the Ames Golf and Country Club that bind them and subsequent owners to 1) seek annexation at the time that the City chooses, 2) waive objections to assessments that may be imposed for future extensions of City services, and 3) pay any fees associated with the buy-out of Xenia water service territory. The developer seeks to complete the first step of Item #3 to allow for future water service by the City of Ames with the proposed agreement between the City and Xenia.

The golf course is currently served by Xenia Rural Water District and the entire golf course property is within the Xenia service territory. An agreement between the City and Xenia has been prepared that allows the new development to be bought out of the Xenia service territory, allows any new homes to be served by Xenia until the area is annexed AND City water is brought to the site, and ensures the future transition of those customers to City of Ames water.

The developer has a separate agreement with Xenia that contains the buy-out terms for The Irons. Upon final plat approval by the City, the developer shall pay \$2700 per residential unit to Xenia to buy-out the water territory for those platted lots but will continue to receive water service until such time as the City can provide service. At the time of disconnection from Xenia, the developer or homeowner shall pay the costs of disconnecting from Xenia. The agreement states that the existing customer (Ames Golf and Country Club) will remain within Xenia's service territory and remain a Xenia customer.

An additional agreement between the City and The Irons will be needed at the time of final plat approval. This agreement will spell out the responsibility of the developer and subsequent owners for paying the costs of connecting to City

water service when City water is brought to the site. It will also address the costs of disconnection from the Advantek septic systems and connections to the City sanitary sewer system.

### <u>ALTERNATIVES</u>

- 1. The City Council can approve the Agreement between City of Ames and Xenia Rural Water District for the transfer of water service territory and to allow for continued water service to until such time as the properties are annexed and City service are available to serve the properties.
- 2. The City Council can defer action on this request and refer it back to City staff and/or the applicant for additional information.

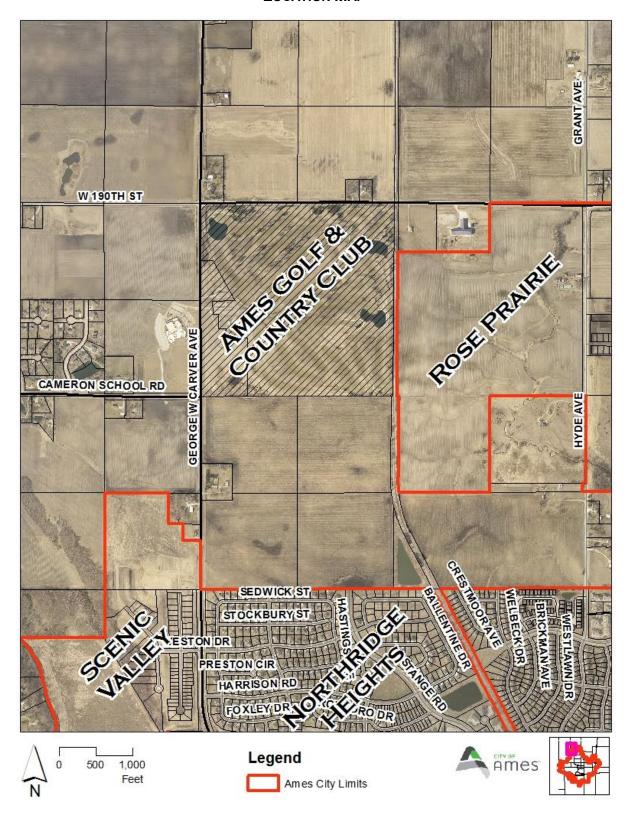
### **CITY MANAGER'S RECOMMENDED ACTION:**

In order to allow the development of The Irons, the City Council accepted the three covenants typically required of fringe development and granted certain waivers to the subdivision improvements requirements. City water is required of subdivisions and, in this instance, the City Council deferred installation until such time as the City is able to annex and provide water to the development. In the interim, water will be provided by Xenia in pipes installed by the developer to City specifications. At the time of final plat approval, the developer will buy-out the Xenia service territory for all new homes although Xenia will still provide water service. The existing country club will remain within the Xenia territory and as a Xenia customer.

At the time of the final plat approval of The Irons, the City and developer will enter into an agreement regarding the responsibility of the developer and subsequent home owners regarding the costs of connecting to City water and sanitary sewer service when it is available. Throughout all of this, there will be no costs to City taxpayers or existing water customers for the buyout, for the installation of water lines that will initially be used by Xenia, or for the transition to City of Ames service when it is brought to the site.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.

### **LOCATION MAP**



### DO NOT WRITE IN THE SPACE ABOVE THIS LINE; RESERVED FOR RECORDER

Prepared by: James R. Wainwright, 100 Court Ave., Suite 600, Des Moines, IA 50309-2231; 515-246-0331 Return to: Ames City Clerk, Ames City Hall, 515 Clark Ave., Ames, IA 50010

# AGREEMENT BETWEEN CITY OF AMES AND XENIA CONCERNING CONTINUED WATER SERVICE TO CERTAIN PARCELS ADJACENT TO THE AMES GOLF & COUNTRY CLUB

This agreement is between the City of Ames, Iowa ("Ames") and Xenia Rural Water District, a rural water district existing pursuant to Iowa Code chapter 357A ("Xenia"). Ames and Xenia are sometimes collectively referred to herein as the "Parties" or individually as a "Party."

WHEREAS, Xenia is a rural water district with certain exclusive rights and responsibilities to provide water services in designated areas; and

WHEREAS, the City of Ames is a municipal water system with its own set of exclusive rights and responsibilities to provide water services, and

WHEREAS, The Irons, LLC ("The Irons") wishes to develop residential homes on portions of the "Property" (as described in Exhibit A) that is owned by the Ames Golf & Country Club ("AGCC") and The Irons and that is located in Xenia's protected water service territory; and

WHEREAS, the Property may be annexed into Ames at some date in the future; and

WHEREAS, Xenia currently provides water services to AGCC; and

WHEREAS, Xenia currently maintains and owns infrastructure on two sides of the Property and a water service line to AGCC within the Property; and

WHEREAS, The City of Ames approved a preliminary subdivision plat (as shown in Exhibit B) to allow for 34 residential lots and two outlots; and

WHEREAS, Xenia is willing to enter into an agreement with AGCC and The Irons through which Xenia will release its rights to provide water services to Lots 1 through 34 (inclusive) and Outlots X and Y as shown on Exhibit B and as graphically depicted on Exhibit C, with Lot 35 to remain within the Xenia territory and to continue as a Xenia customer; and

WHEREAS, AGCC, The Irons, and Xenia have negotiated and intend to enter into a Release of Service Territory Rights Agreement through which Xenia will relinquish its water service rights in the area described in that agreement, pursuant to Iowa Code section 357A.11(13), subject to the conditions and commitments described in that agreement and the additional terms and commitments by Ames described below; and

WHEREAS, pursuant to Iowa Code section 357A.11(13), Xenia cannot relinquish its right to provide service to an area without providing for the continuation of water services to the area immediately following such relinquishment.

NOW THEREFORE, in consideration of the above recitals and the mutual covenants contained herein, and in reliance on the same, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- 1. <u>Incorporation of Recitals and Exhibits</u>. The foregoing recitals are incorporated herein and made a part of this Agreement. The recitals and exhibits described below are substantive and contractual parts of this Agreement.
- 2. <u>Identification of the Affected Area</u>. This Agreement affects the land described in Exhibit A hereto. The approved subdivision preliminary plat for the proposed development by The Irons is shown in Exhibit B hereto.
- 3. Agreement Concerning Continuation of Water Services. It is agreed that Xenia shall continue to provide water services to the parcels developed by The Irons, if requested by the property owners, until such time as Ames is able to provide water services to the properties. The Parties further agree that there will be no interruption in providing water services to the Property due to the Release of Service Territory Rights Agreement between AGCC, The Irons, and Xenia. When Ames is able to provide water services to the Property, Xenia shall cease providing water service to Lots 1 through 34 (inclusive) and Outlots X and Y once the proper connection to the City of Ames system has been made. At the time of disconnection from the Xenia system and connection to the City of Ames system, the City of Ames shall take ownership at no cost to the City of all water distribution infrastructure installed as part

of The Irons development. Lot 35 shall remain within the Xenia Service Territory and shall remain a Xenia customer.

- 4. <u>Consideration</u>. The Parties agree that the joint assistance of AGCC's development of its Property is full and adequate consideration for this Agreement.
- 5. <u>Authorization and Approval by the Parties</u>. The Parties each represent and warrant to the other that this Agreement and its performance have been authorized and approved by all necessary action of the Party, including, without limitation, all necessary action on the part of the governing body of each, and this Agreement constitutes a valid and binding agreement enforceable in accordance with its terms.
- 6. <u>Third-party approval</u>. This agreement shall not become effective until and unless it is approved in writing, as indicated below, by the United States Department of Agriculture, Rural Development, and Assured Guaranty Corp., which approval Xenia shall diligently seek.
- 7. <u>Complete Agreement and Effective Date</u>. This Agreement, including Exhibits, constitutes the entire, complete and final agreement of the Parties with respect to the matter described herein. This Agreement shall be fully executed upon the exchange of all of the signatures indicated below. This shall not be effective until a fully executed, original agreement is provided to Ames for recordation.
- 8. <u>Intended Beneficiaries</u>. This Agreement is made solely for the benefit of AGCC and The Irons and the Parties, and nothing herein shall be construed as creating any benefits, rights, remedies or claims in favor of any other entity or person.
- 9. <u>No Precedent</u>. The terms of this Agreement shall not otherwise be considered precedent for any other Xenia service territory relinquishment.
- 10. <u>Counterparts</u>. This Agreement and the consents indicated below may be executed in multiple counterparts, each of which shall be an original and all of which, taken together, shall constitute but one and the same agreement.

Xenia Rural Water District	City of Ames, Iowa
By	ByAnn H. Campbell, Mayor
Dan Lovett, Chair, Board of Directors	Ann H. Campbell, Mayor
Attest	Attest Diane R. Voss, City Clerk
Amy Kahler, Secretary, Board of	
Directors	Executed
Executed, 2016	STATE OF IOWA, COUNTY OF STORY, ss:
STATE OF IOWA, COUNTY OF STORY, ss:  This instrument was acknowledged before me on, 2016, by Dan Lovett and Amy Kahler, as Chair, Board of Directors, and Secretary, Board of Directors, respectively, of Xenia Rural Water District.  Notary Public in and for the State of Iowa	On this day of, 2016, before me, a Notary Public in and for the State of Iowa, personally appeared Ann H. Campbell and Diane R. Voss, to me personally known and who, by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Ames, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation; and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No adopted by the City Council on the day of, 2016, and that Ann H. Campbell and Diane R. Voss acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.
	Notary Public in and for the State of Iowa

# **CONSENTS AND APPROVALS**

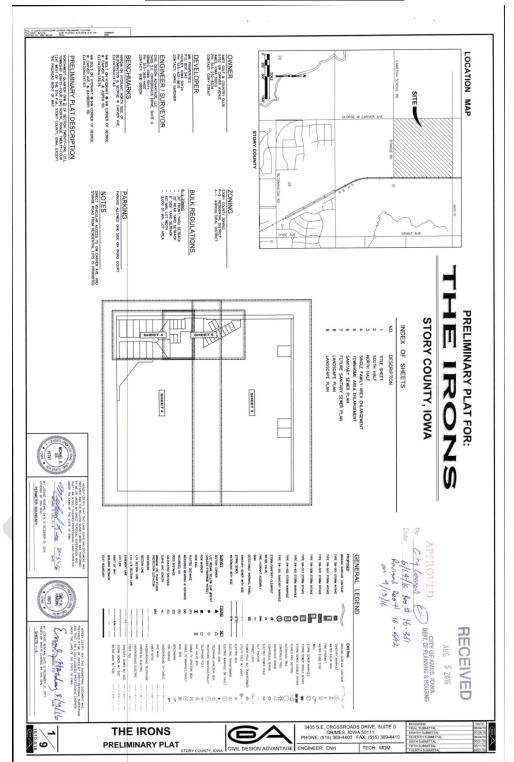
This Agreement is consented	d to by the United States Department of Agricultur
(USDA), Rural Development, as of t	he day of, 2016. USDA is not
party to this Agreement.	
	USDA RURAL DEVELOPMENT
	Ву
Director	Kate, Sand, Community Program

### **Exhibit A—Legal Description of the Property**

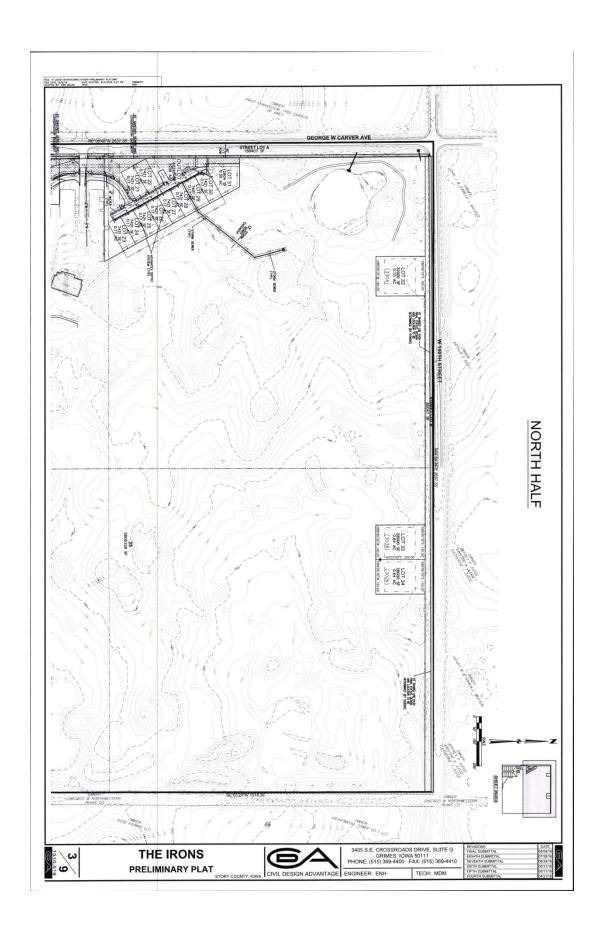
Parcels M and N in the NW ¼ of Section 21, Township 84 North, Range 24 West of the 5<sup>th</sup> P.M., Story County, Iowa as recorded in the Office of the Story County Recorder on August 22, 2016 as Instrument Number 2016-00008076.

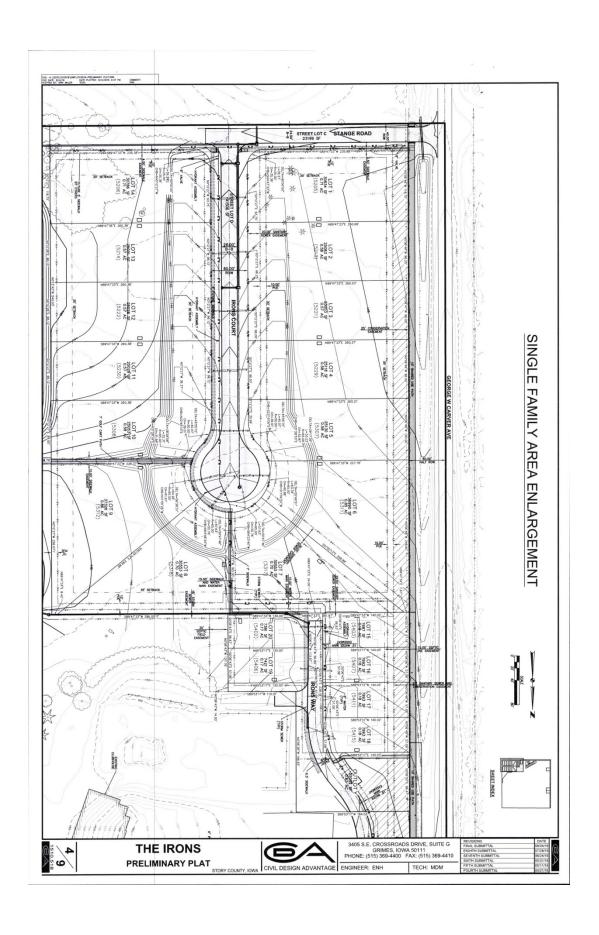


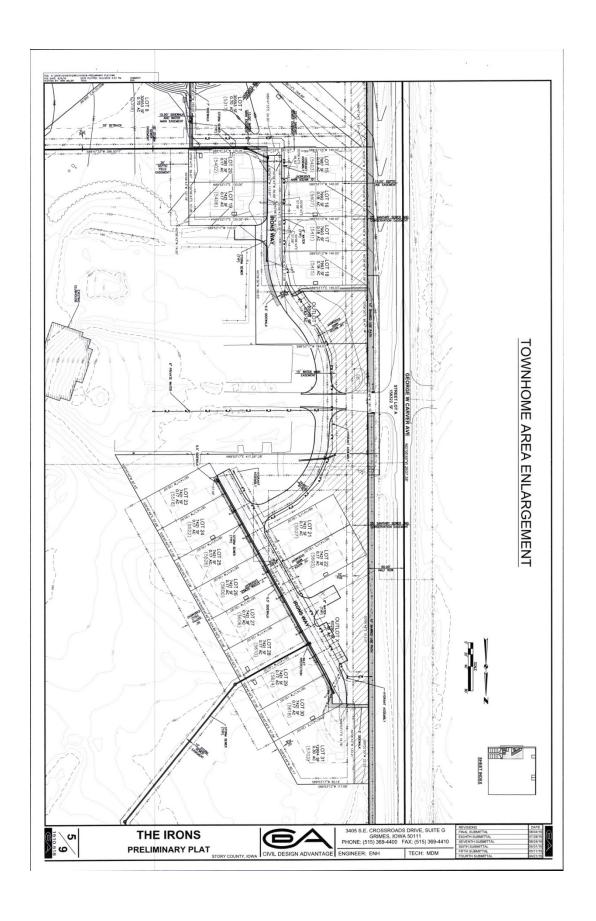
### **Exhibit B—Subdivision Preliminary Plat**

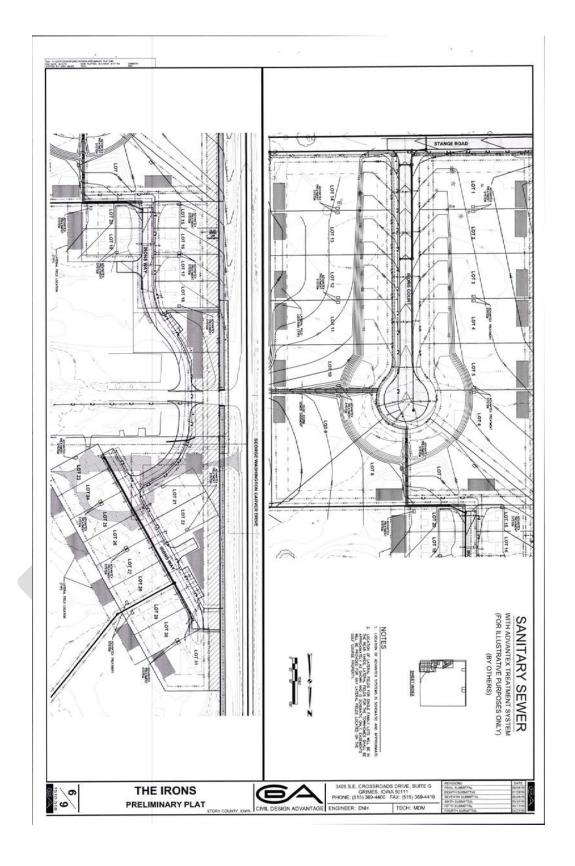


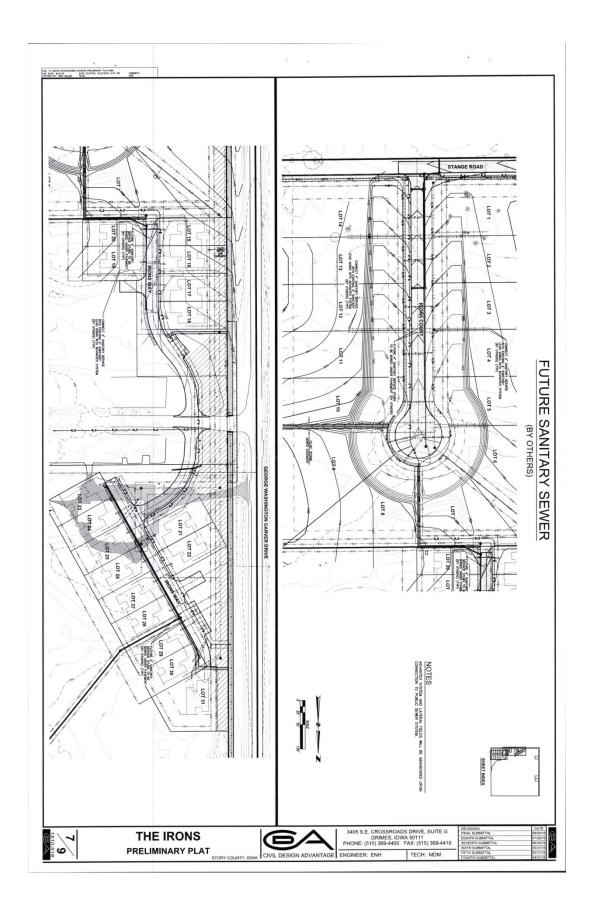


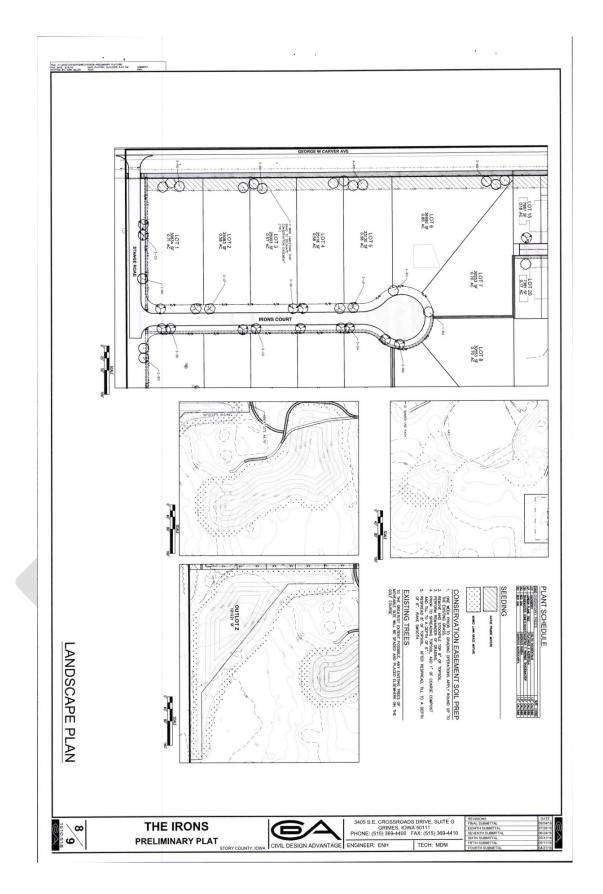


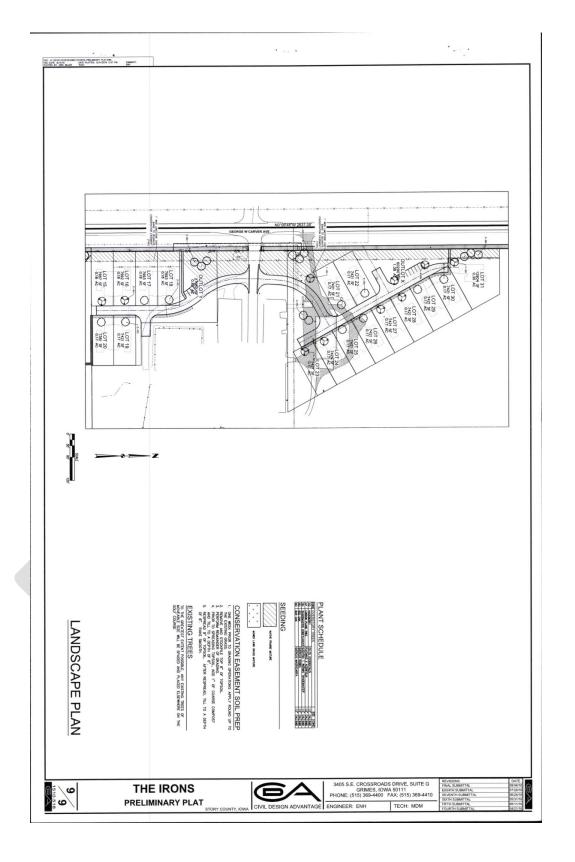












# **Exhibit B—The Irons lot configuration**

