

**COUNCIL ACTION FORM**

**SUBJECT: XENIA RURAL WATER DISTRICT SERVICE REQUEST**

**BACKGROUND:**

Historically, the City had granted permission to rural water districts to provide service to land within two miles of the City's corporate boundary with the understanding that the right to provide service to those properties would revert to the City as growth occurred. However, when such growth eventually occurred Xenia did not allow the City to provide water service to that land unless major "buy-out" payments were made to Xenia. This was true whether or not the land had been annexed into the City.

After that became clear, the City Council adopted provisions in Chapter 28 - Division II of the Municipal Code that allows for the City to deliver water service to land outside the corporate limits but within two miles of the City. This right to serve is provided in the Code of Iowa Section 357A.2. Where current City infrastructure is not present, a small temporary water main may be extended to such areas. That temporary main would then be replaced with a larger main as adjacent property is incorporated into the City. Under Section 28.202 of the Municipal Code, **the costs for water infrastructure needed to serve such properties and any applicable permit/connection fees are the responsibility of the requesting property owner.** Additional provisions in Chapter 28 - Division II include requirements for metering, back-flow prevention, and rural water rate structure.

**New Service Request from Xenia**

Xenia Rural Water District has made a request to serve properties generally located south of the existing corporate limits, east of the Ames Municipal Airport, and west of South Duff Avenue (see attached map). The properties (described in the request as Jensen Family Farm) which are owned by Harvester Land Holdings, LC (Harvester) and by Dickson and Luann Jensen (Jensen), together are contiguous with the City of Ames corporate limits. The Harvester group of properties to the north are adjacent to an existing 14" City water main. The Jensen group of properties to the south could have water service extended from that existing 14" main. The type of development being proposed will dictate the type of connections being made.

Code of Iowa Section 357A.2 provides that in responding to the rural water service request, the City may waive its right to serve or may reserve the right to provide service. **The City must then provide water service within three years if the right to serve is maintained.** Because of the proximity of the Jensen properties to both the corporate limits and the existing infrastructure, **City staff recommends that water service to this area be provided by the City, rather than approving the Xenia Rural Water District request.**

## **ALTERNATIVES:**

1. Deny the Xenia Rural Water Service request and direct staff to work with the property owner to develop a delivery plan by the City for a “rural water” service.
2. Approve the Xenia request.

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

Past experience with rural water for areas adjacent to the City have clearly demonstrated various disadvantages of turning service territory over to rural water districts. These include added costs for development of urban residences due to the significant buy-out costs involved. In addition, if a rural water association is not agreeable to a buyout provision, it is possible that rural water will be providing a lower level of service to their customers within the City limits. **The requested service area is contiguous with the corporate limits and is adjacent to an existing 14” City of Ames water main.** The City is able to provide water service to the area if desired by the property owner.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

