

Staff Report

**SOUTHWEST GROWTH AREA INFRASTRUCTURE
AND DEVELOPMENT AGREEMENT REQUEST**

September 25, 2018

On August 25th, the City Council referred a letter from Landmark Development that asked for the City Council to support infrastructure extensions for development of approximately 170 acres of land along 240th Street in the Southwest Growth Area. Landmark Development seeks to have the City design and construct an extension of the sanitary sewer from State Avenue to the site and review other needed infrastructure for water and street improvements. The developer intends to develop a mix of low and medium density housing types, including potentially a “village” development concept. Additionally, Council received an email from a representative of the Champlin family properties located along Dartmoor Road and Zumwalt Station Road and referred to staff the request to include their property in the discussion of the Southwest Growth Area. Attachment A identifies the boundaries of the area and location of the requests.

The City’s Land Use Policy Plan identifies the location of the proposed site as part of the Southwest Incentivized Growth Area. The City has studied development and infrastructure options for this area previously. Development of the Southwest Area has previously been divided into sub-areas to assess infrastructure needs. Major infrastructure for roadways, water mains, and sanitary sewer are needed to serve the developable areas both north and south of Worle Creek. Water can be extended from the existing water tower on the north side of Highway 30 and it can be extended from the existing water lines along State Avenue to the east. Additionally, existing gravel roads would need to be improved to paved city street standards at the time of development. Sanitary sewer improvements need to be extended from the east and are planned in relation to Worle Creek that divides the Southwest Area into north and south.

The City studied a number of sewer options as part of the Worle Creek Sanitary Sewer Extension Study in 2005 and later incorporated into a 2006 City report on the costs of Growth Priority Analysis. The 2006 report was later updated in 2008 along with Land Use Policy Plan amendments changing the description of growth areas terminology from Priority Growth Areas to Allowable Growth Areas and incentivized and non-incentivized. Excerpts of the 2008 study for the breakdown of sub-areas and infrastructure plans are included as Attachment B. [The complete Worle Creek Sewer Study is available on the Public Works website under Engineering.](#)

The planned extension of sanitary sewer to serve the Southwest is based upon concepts from the Worle Creek Study. The Study evaluated concepts that would connect to the existing 21-inch

trunk line at State Avenue and Worle Creek. The area that could be served by this facility is estimated at approximately 1,700 developable acres west of State Avenue or the equivalent of approximately 5,500 single-family homes. The Worle Creek study involved public outreach and a committee that analyzed options before making a final recommendation to the Council.

The difficulties of constructing a single sewer line within the boundaries of Worle Creek led to an evaluation of multiple options. The preferred solution includes a gravity fed line north of Worle Creek through Iowa State University affiliated lands and a separate facility located south of Worle Creek (Option 2C). A secondary option for south of Worle Creek considered a force main within Dartmoor identified as Option 6. **The north sewer extension would require the cooperation of Iowa State University to allow for an easement through their property from State Avenue to South Dakota Avenue (approximately 1 mile).** Although ISU staff has previously participated in the evaluation of options and is aware of the City's interest in supporting Southwest Growth, no formal agreement with ISU exists for a sewer extension.

The south sewer extension described in Option 2C and Option 6 are independent of the north sewer line. Option 2C is a traditional gravity fed system with the development of the Champlin site and Option 6 is the construction of a smaller pressurized force main. The force main design is not utilized in Ames and although it has a lower public improvement costs, it has higher individual home costs associated with individual pump connections to the force main compared to traditional gravity based systems. There is one additional option identified as 3B that could be phased to connect the Champlin site with the Landmark Development site and avoid an extension of sewer through ISU land. This modified option of 3B would include a lift station to cross Worle Creek from north to south.

The request by Landmark Development is for the City to commit to “closing the gap” in needed infrastructure extensions and to discuss sharing of oversizing costs within the development. The LUPP Implementation Chapter 6 supports supplementing development oversizing costs, but states the City may consider additional incentives for development of a Village. Additional incentives could include the “closing of a gap” for infrastructure.

Based upon the separated preferred gravity fed sewer line project of Option 2C and inflating 2008 cost estimates by 3% to the year 2019, the order of magnitude for extending approximately 1 mile of sanitary sewer from State Avenue to the South Dakota would be approximately \$1.5 million for design and construction costs. Landmark also asks the City to prioritize this project for design and construction next year to allow for them to proceed with development in 2019. If the City Council decides to proceed with negotiating a development agreement and committing to constructing infrastructure, the Council would subsequently need to adjust the Capital Improvement Plans to include the project as requested by Landmark Development.

Costs related to oversizing for water, roads, and sewer mains within the project boundaries would be negotiated as part of a development agreement as well. The timing of these improvements is not known at this time, but could become obligations for the City starting in the next fiscal year. Based upon a rough estimate of proportionate costs for oversizing, staff estimates 20%-25% of the cost of the specified improvements could be associated with oversizing. For example, the increased width and depth of paving for a collector street would be the difference between a standard 26-foot local street and a 31-foot collector street. Following the same methodology from above, **the oversizing cost attributable to the City for water lines and road improvements, and sanitary sewer would be approximately \$2.0 to \$2.4 million dollars for design and construction.** Other project specific issues related to traffic improvements and park land dedication needs would require further study.

STAFF COMMENTS:

This request coincides with the City's LUPP policy to support growth within the Southwest Area. Council is being asked at this time if it is interested in initiating a development agreement process and committing to infrastructure in support of the Southwest Growth Area.

Landmark Development Agreement Initiation

The first issue identified by the developer is the City's desire to consider additional incentives beyond oversizing to close infrastructure gap related to the sanitary sewer. Staff estimates a cost of approximately \$1.5 million for extending sewer to South Dakota Avenue and potentially \$2.0 to \$2.4 million for oversizing costs, for a total of \$3.5 million to \$3.9 million to support the development of Area B of the Southwest Growth Area.

Although there is no project defined by Landmark at this time, they are interested in pursuing a "Village" development concept in support of potential additional incentives as described in the LUPP. Based upon the context of the site located off of a main thoroughfare and its overall size, completing an acceptable village design concept may be challenging, but could be feasible for the area. It would likely be substantively different from the Somerset development that is focused upon a central commercial node along an arterial street.

The City would also need to consider the long term relationships of other developable land in this area as part of the work with Landmark Development. The outcome of these planning and design efforts is unknown at this time and would require City staff along with Landmark, and their planning and engineering consultants, working together to create an appropriate plan. **If the Council is interested in supporting the development of the Southwest, it would indicate to the developer that Council would prioritize the planning and development agreement process for this fall and winter and commit staff time to work with the developer to define the concept further.**

Landmark Development Infrastructure Timing

The second issue for Landmark is the timing of infrastructure improvements. The desire for starting construction in 2019 would require Council action to plan for and budget for capital improvements that are not part of the current adopted budget. If the City Council is interested in pursuing the request, it would need to determine the timeframe to evaluate details of the developer's plan, potential for public input, and then initiating construction. **If the Council does not believe that working within a timeframe of the next 6-9 months is appropriate, the developer would want to factor in the additional time to make decisions as part of their due diligence and whether to proceed with planning for the project.**

Champlin Property

The Champlin property is situated differently than the Landmark Development site in that water and sewer lines are adjacent to the site. **However, after looking at the infrastructure plans for Subarea C from 2008, more work would be appropriate to review the previous assumptions concerning service needs and required improvements in light of current land holdings in the area by Iowa State that may limit future expansion in the area.** Reconsideration of Subarea C would not need to be considered in relation to the Landmark Development request as development of the Champlin property is unrelated to their request, unless the City reconsidered sewer Option 3B to avoid constructing a sewer line through ISU property.

The most significant costs associated with the Champlin development will be consideration of road improvement projects. The 2008 study identified paving Dartmoor as a cost, but did not consider Zumwalt Station Road. Each of these roadways is over 1 mile in length. Depending on the design of these roads, the City may consider oversizing costs or completing off-site connections to South Dakota or State Avenue. The cost of paving Dartmoor is estimated at \$2.0 to \$2.5 million in 2019 costs based upon the 2008 Study. Paving of Zumwalt Station Road and a portion of State Avenue is a significant cost estimated at \$2.5 to \$3 million dollars, however there is no preliminary design for this improvement to verify costs at this time. Oversizing costs for water and sewer in the vicinity of the Champlin property could be \$700,000 based upon proportional improvements described in the 2008 study.

Next Steps

With Council's direction on the two issues above, staff would need to work with the developer to 1) define the scope of the project, 2) refine the infrastructure cost estimates, 3) complete a traffic study, and 4) prepare terms for a development agreement regarding assignment of costs, phasing, and development obligations. Staff would also need to work with ISU to determine the feasibility and timing of securing an easement for the north sewer line. Ultimately, Council would be presented with a draft development agreement concurrent with an application for annexation as a commitment to proceed with the project. Council would then take the steps of initiating an annexation and providing direction in regards to amending the CIP.

The two questions before the City Council tonight are:

- 1) Does the Council want to consider paying for the extension of the sanitary sewer line from State Ave. to the South Dakota?**

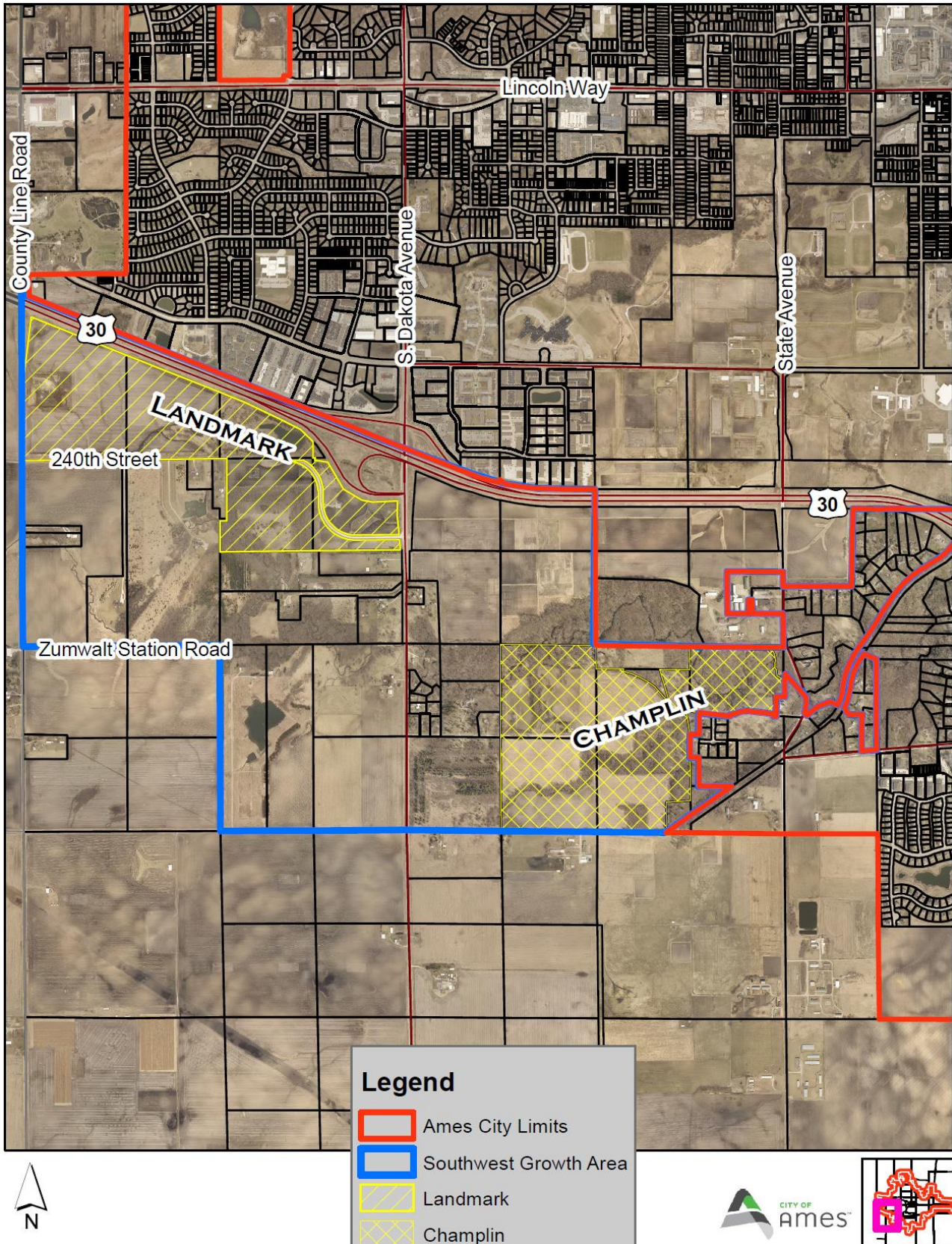
Based on conversations with developer, if the answer to this first question is no, the developer will discontinue their pursuit of this project.

- 2) Is the Council willing to consider amending the current budget and next year's CIP to finance the sewer extension and infrastructure oversizing.**

It is not clear whether the developers will proceed with the project, if the sewer extension is not in place by 2019.

It should be emphasized no final decisions are being requested of the City Council at this point. Staff and the developer are attempting to determine if the Council is interested in further pursuing this development concept knowing the possible costs to the City.

Attachment A-Location Map



Attachment B-Excerpts of 2008 Targeted Growth Analysis Report

