

ITEM #: 42
DATE: 03-14-23
DEPT: P&H

COUNCIL ACTION FORM

SUBJECT: TEXT AMENDMENT FOR UTILITY CONNECTIONS AND RURAL WATER BUYOUT FEES

BACKGROUND:

From time to time the City establishes connection districts for the construction of water and sewer infrastructure that benefits a broad area. The trigger for a fee payment to be required can be any number of permits that establish or allow for a connection to the City's infrastructure. Staff has proposed a text amendment that clarifies when such connection fees must be paid in two separate chapters of Municipal Code.

The proposed text amendment identifies what types of permits are triggers for payment of the fees. These triggering permits include final plats, minor site development plans, setting a water meter, or a plumbing permit. The City typically desires to have the connection fees paid to the City as quickly as possible. **The proposed requirements focus on payment at the time of plat approval, site development plan approval, or a plumbing permit, whichever occurs first.**

In addition to the City establishing connection district fees, there are times when development may be proposed outside of the City's current water service territory. City practice has been for a property owner to be responsible for any and all buyout costs associated with transferring territory from a rural water provider to the City for service.

The City currently has two master agreements for the water territory transfer. Additionally, property owners could negotiate individual transfers if they are not part of a master agreement. An agreement approved in 2022 with Xenia Rural Water District addresses territory transfers and service requirements related to growth to the north, south, and west edges of the City. A 2016 agreement with Iowa Rural Utilities Association (formerly Central Iowa Rural Water) applies to the East Industrial area to the east of I-35 (including Prairie View industrial center). **Staff proposes language as part of this text amendment to require that any buyouts of rural water rights are to be completed by a property owner prior to approval of a connection to the City water system with a plat, site development plan, or plumbing permit approval, whichever occurs first.**

ALTERNATIVES:

1. Approve on first reading an ordinance to amend Ames Municipal Code Chapters 23 and 28 for utility connections and fees and for rural water buyout fees.
2. Direct staff to modify the ordinance.
3. Decline to approve the proposed ordinance.

CITY MANAGER'S RECOMMENDED ACTION:

Adding the proposed language to the Municipal Code is consistent with City policies and practices for utility connections and water buyouts. The proposed language will formally create a process for staff to administer these practices and allow for better customer communication and coordination. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY AMENDING SECTION 23.405, 28.202 AND ENACTING NEW SECTIONS 23.404(2)(a), 28.900 and 28.1001 THEREOF, FOR THE PURPOSE OF AMENDING WATER TERRITORY TRANSFERS AND CONNECTION FEES REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amending Sections 23.405, 28.202, and enacting new Sections 23.404(2)(a), 28.900, and 28.1001, as follows:

“Sec. 23.404. WATER SUPPLY.

...
(2)
...

(a) From time to time the City of Ames may enter into an agreement, or an individual property owner may enter into an agreement, with a Rural Water Provider to allow for the transfer of service territory in order to allow for the property to include a connection to the City of Ames water system. Such a transfer of the property to the City of Ames service territory, including any payment of fees, is the responsibility of the property owner. The City Council may require proof of transfer and payment of fees prior to preliminary plat approval.

...

Sec. 23.405. SANITARY SEWERS.

...

(2) Existing Sanitary Sewer: Any subdivision to which a sanitary sewer is accessible requires installation of adequate sewage facilities including sewer mains, manholes and any other necessary or desirable appurtenances to provide for discharge of sanitary sewage. The sewer system from all lots or parcels within the area to be subdivided shall be connected with the existing sanitary sewer system at the subdivider's expense and subject to City specifications. Prior to the connection with the existing sewer system of the City, it may be necessary for the developer to pay a connection fee in accordance with requirements of the City.

...

Sec. 28.202. WATER SERVICE, CONNECTION CHARGE.

(1) **Generally.** There is established hereby, as a fee for connection to the water main, such charge as the City Council shall by resolution set for the property served by and adjacent to the main, provided that no water utility special assessment connection fee has been imposed previously with respect to said land and the main was financed with funds of the City.

(a) **Rural and Remote Water Connections.** If an existing water main is adjacent to a rural property, rural water customers shall pay a fee for connection to the water main as provided generally above. If no main is adjacent to the property, the owner may City will have plans approved to construct a temporary water service line to property to be used until such time as a water main is constructed adjacent to the property. The rural or remote customer shall pay the entire actual cost for design and installation of the temporary line in accord with the City's engineering fee schedule then in effect. Additionally, at such time as a main becomes adjacent to the property, the ~~rural~~ customer shall be required at their cost to connect to that main and abandon the other connection and shall pay a fee for connection to that main in accordance with the connection fee schedule then in effect.

...

Sec. 28.900. CONNECTION CHARGE PAYMENT DUE

For any proposed utility connection, payment of the required charge of Section 28.202 and 28.305 or fee of this section is due prior to approval of a Site Development Plan, Final Plat, or Plumbing Permit, whichever event occurs first. City Council may approve an alternative schedule for timing of the payment of a connection fee within a connection district.

...

DIVISION X

RURAL SERVICE TERRITORY BUYOUT AND TRANSFER

Sec. 28.1001. From time to time the City of Ames may enter into an agreement or an individual property owner may enter into an agreement with a Rural Water Provider to allow for the transfer of service territory in order to allow for the property to include a connection to the City of Ames water system. For any property owner subject to such an agreement or requirement, the owner shall provide proof of a release of the property from the Rural Water territory to allow for it to be served by the City. If any payment for such a release is required, the property owner is responsible for such payment. Proof of a release shall occur prior to approval of a preliminary plat, Final Plat, Site Development Plan, or Plumbing Permit, whichever occurs first or upon a schedule defined by City Council for a project."

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Renee Hall, City Clerk

John A. Haila, Mayor