

Staff Report

NORTHERN GROWTH

September 13, 2011

On August 23, 2011, the City Council reviewed the status of the annexation of the Rose Prairie development as well as the other proposed developments along Grant Avenue. At that meeting, Kurt Friedrich urged the Council to take a leadership role and install the necessary infrastructure to Quarry Estates so that they could begin development of this property. In addition, Chuck Winkleblack and Kurt Friedrich both indicated to the Council that, before agreeing to move ahead with an annexation agreement, they need more solid cost estimates for their respective shares of the Grant Road, trunk sewer, and water main improvement costs.

As a result of these two requests, the City Manager agreed to prepare the following report to the Council for the September 13 Council meeting. This report outlines (1) the history on how the City planned to provide infrastructure to the area, and (2) the costs and possible cost sharing arrangements to develop more solid cost estimates for the street, sewer and water improvements.

INSTALLING INFRASTRUCTURE TO SERVICE NORTHERN GROWTH**Going North**

For many years one of the goals in the Land Use Policy Plan (LUPP) was to commit to a cost-effective growth pattern. This goal led to the creation of Priority Growth Areas to portions of southwest and northwest Ames where City incentives were offered to attract development to these specific areas. For growth to the north, however, it was expected that developers would assume all costs for the “off-site improvements.” In accordance with this plan, when the Uthe farm was subdivided as Northridge Heights in 2000, the developer paid for the major off-site infrastructure improvements.

After much discussion related to the proposed Fieldstone development, the LUPP was then revised by the City Council to create “Allowable Growth Areas.” Under this new policy, City financial assistance would be provided only to “Incentivized Areas.” Within such areas, the City would assist with development by paying for the “oversizing” of infrastructure as well as some negotiated amount if a Village was developed in the southwest. Therefore, under the current LUPP those who develop in north Ames are required to pay all of the costs associated with extension of public infrastructure.

As you will recall, the owners of Story County Land L.C. originally requested the necessary approvals from the City Council for development of a residential subdivision within the City limits. This request was denied by the City Council. Story County Land L.C. then requested approval from the City Council to develop their residential subdivision outside of the City limits, but within the two-mile planning boundary of the City. Once again, this request was denied by the City Council.

Following that denial, Story County Land L.C. appealed the City's decision to the District Court. In addition, the developer proceeded to file a horizontal property regime in Story County, which at the time did not require Council approval because it did not constitute a subdivision of land. Realizing that the City was at significant environmental risk if a subdivision was built so close to the Ada Hayden watershed without City protective requirements, the City Council directed staff to negotiate a settlement with Story County Land L.C. to allow the residential development to occur within the City limits.

The Rose Prairie Agreement

In order to entice Story County Land L.C. to accept a settlement, an agreement was finalized in July 2010 that included certain provisions which specified how the following major infrastructure items would be extended to the area.

Off-site Street Improvements:

- If all four major developers/property owners (this includes Story County Land L.C., Quarry Estates, and the two Hunziker properties) have signed pre-annexation agreements prior to annexation of the Rose Prairie site, the City will finance the Grant Avenue reconstruction project through a special assessment project. This approach assists the developers by not requiring a significant amount of money up front to finance the street project.

Under this scenario, the Rose Prairie developer will contribute 37% of the total project costs. This percentage covers both their property's share and the Sturges property's share of the costs.

However, if at the time of initial final platting for Rose Prairie the other major developers' land has not been annexed, the Rose Prairie developer will pay in cash to the City the proportionate share for the cost of the Grant Avenue improvement based on the area of each approved phase of the Rose Prairie subdivision.

Off-site Traffic Improvements:

- Prior to the approval of the initial final plat, the Rose Prairie developer must pay the City \$185,000 for their proportional share of the traffic improvements needed at Hyde and Bloomington and at Grand and Bloomington as a result of the increased traffic from the Rose Prairie subdivision.

Off-site Water Improvements:

- The Rose Prairie developer is responsible to pay for the construction of all water system improvements from the City limits up to 190th Street (see Attachment G). However, this responsibility does not begin until a final plat is approved. Therefore, the developer controls if and when a water main is made available to the other developers in the area.

The agreement further provides that the City will establish a water assessment district whereby the Rose Prairie developer will be reimbursed by the City when other benefitted property owners hook onto the system. Under this arrangement, the developer, not the City, up fronts the cost of the improvements.

Off-site Sewer Improvements:

- The developer is responsible to pay for the construction of all sanitary sewer improvements from the City limits up to 190th Street (Attachment H). Again, however, this responsibility does not begin until a final plat is approved. Therefore, the developer controls if and when a trunk sewer line is made available to the other developers in the area.

The agreement provides that the City may establish a sanitary sewer assessment district whereby the developer will be reimbursed by the City when other properties owners who benefit from these improvements hook onto the system. Under this arrangement, the developer, not the City, up fronts the cost of the improvements.

Contingency If The City Chooses To Move Ahead With Other Developers

In response to concerns expressed by the other two developers who own land in the area, the Rose Prairie agreement also provides that the Council can choose not to wait for Story County Land L.C. to proceed with the water and sewer installation and move ahead to install water improvements from Point 1 to Point 2 as shown on Attachment G and sewer improvements from Point 1 to Point 2 as shown on Attachment I.

It is assumed under this scenario that the City itself will upfront these infrastructure costs by establishing utility assessment districts whereby we will be reimbursed if and when property owners in the area hook up to City services. However, there is no guarantee that the City will be fully reimbursed, since not all of the land may be developed. Even if all the land is eventually developed, repayment to the City may extend over many years.

The Proposed Pre-Annexation Agreements With Quarry Estates and Hunziker

Notwithstanding the LUPP policy not to provide incentives for growth to the north, proposed agreements with the other major developer/land owners contain provisions that will accomplish Kurt Friedrich's request on August 23, 2011 for the Council to "take a leadership role and install the infrastructure up front." The agreements specified that the City will, not later than two years from the date of a preliminary plat approval, install a water main and sanitary sewer trunk line to service their properties. In addition, assuming all four developers signed the agreements prior to Rose Prairie's annexation, the City agreed to assume responsibility to reconstruct Grant Avenue and special assess the developers based on an agreed upon percentage. This approach would allow them twelve years to pay for the road improvement. Although not required to do so, the City has also agreed to participate in a portion of the cost of the road, since the City owns park land adjacent to Grant Avenue.

However, in order for them to take advantage of these "incentives," during last year's negotiations the City asked the developers to do the following:

- Assume a specified percentage of the cost to improve Grant Avenue up to 190th Street (17% of the Grant Avenue costs for Quarry Estates and 23% for Hunziker's two properties). These percentages, when combined with Rose Prairie's 37% and the City's 23%, cover the obligations of the single family property owners in the area.

- Pay for their proportional share of the traffic improvements needed at Hyde and Bloomington and at Grand and Bloomington as a result of the increased traffic from the area. Their cost-sharing percentages are based upon the traffic impact analysis performed by Story County Land LC.
- Include a covenant for all of their platted lots to prohibit the use of phosphates as a fertilizer or lawn additive.
- Include a covenant for all of their platted lots to require all residential buildings be installed with a fire sprinkler system.

DESIGNING THE INFRASTRUCTURE FOR NORTHERN GROWTH

The Cost of Design

Public Works staff obtained cost estimates from three firms to develop construction-ready design costs for Grant Avenue, the water main, and the sanitary sewer trunk line improvements. The lowest cost estimate was for \$120,000, that that firm’s projected timeframe to complete the work is four months. This timeframe is in line with the timing for staff’s completion of the city-wide emergency response study, which relates to the discussion regarding residential fire sprinklering and provision of emergency medical response.

Possible Cost Sharing Arrangement For Design

The four parties previously agreed to share the design cost for the road based on previously negotiated percentages (37% for Rose Prairie, 23% for City, 23% for Hunziker, and 17% for Quarry Estates.) However, the owners of Rose Prairie also indicated that they were not interested in participating in the design costs for the water and sewer improvements. Therefore, **if the Council wishes to identify the estimated infrastructure costs at this time as requested by Mr. Winkleblack and Mr. Friedrich, then the following cost-sharing options should be considered.**

- **Option I** – The City picks up Rose Prairie’s share for water and sewer design

	City of Ames	Hunziker	Quarry Estates	Rose Prairie
Grant Avenue	\$14,950	\$14,950	\$11,050	\$24,050
Water	\$12,500	\$6,000	\$6,500	0
Sewer	\$19,200	\$1,200	\$9,600	0
Total	\$46,650	\$22,150	\$27,150	\$24,050

- **Option II** – The City, Quarry Estates, and Hunziker split equally Rose Prairie’s share for water and sewer design

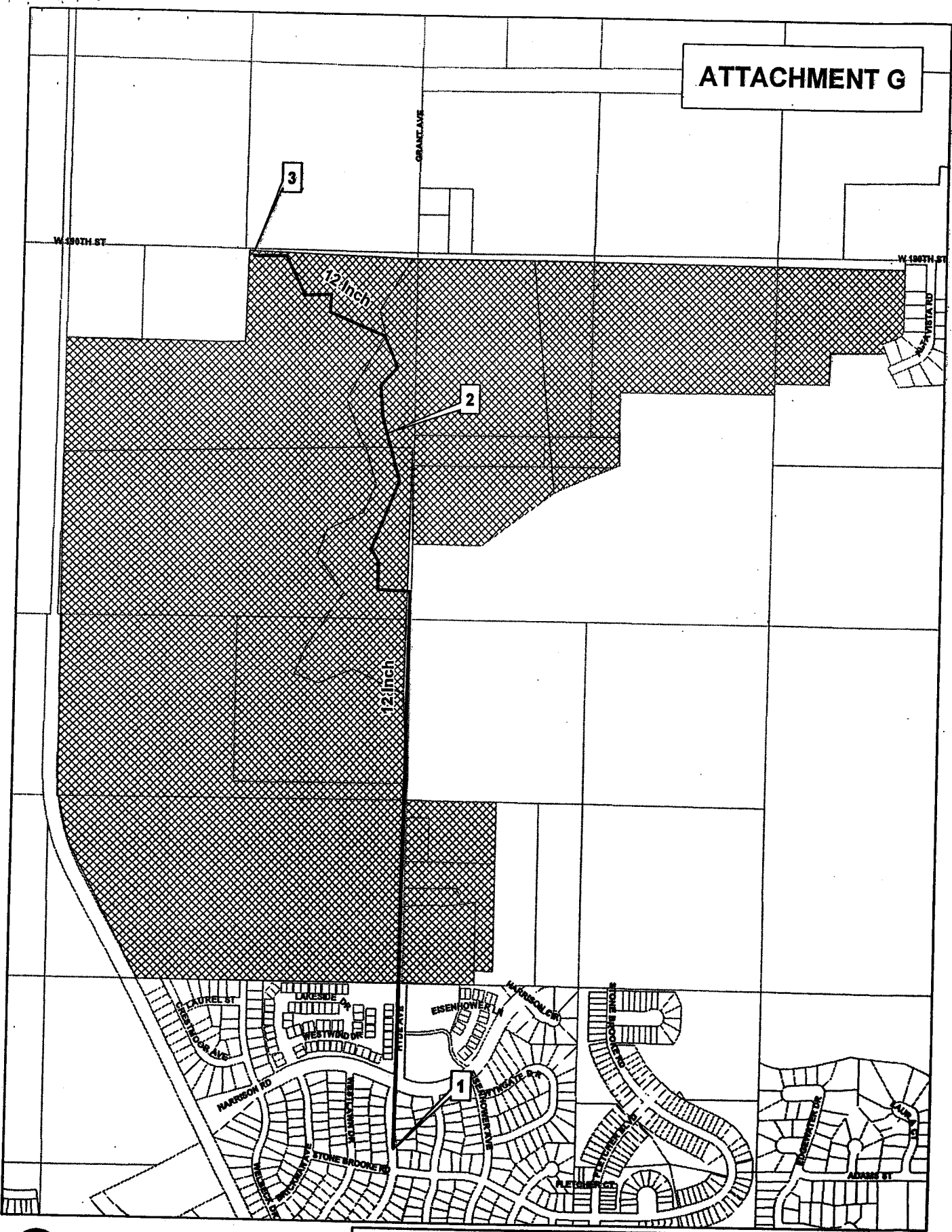
	City of Ames	Hunziker	Quarry Estates	Rose Prairie
Grant Avenue	\$14,950	\$14,950	\$11,050	\$24,050
Water	\$4,167	\$10,167	\$10,667	0
Sewer	\$6,400	\$7,600	\$16,000	0
Total	\$25,517	\$32,717	\$37,717	\$24,050

- **Option III** – Quarry Estates and Hunziker split Rose Prairie’s share for water and sewer design on a pro-rated basis

	City of Ames	Hunziker	Quarry Estates	Rose Prairie
Grant Avenue	\$14,950	\$14,950	\$11,050	\$24,050
Water	0	\$12,000	\$13,000	0
Sewer	0	\$3,330	\$26,670	0
Total	\$14,950	\$30,280	\$50,720	\$24,050

Staff has just learned that the Rose Prairie property now belongs to the Fidelity Bank of West Des Moines. The new owner assumes Story County Land’s contractual obligations with the City as described on pages 2-3 of this report. Staff is endeavoring to confirm that the new owner will honor the verbal commitment to pay Rose Prairie’s proportional share of the roadway design costs; and to also ascertain if the new owner is now willing to share in the utility design costs.

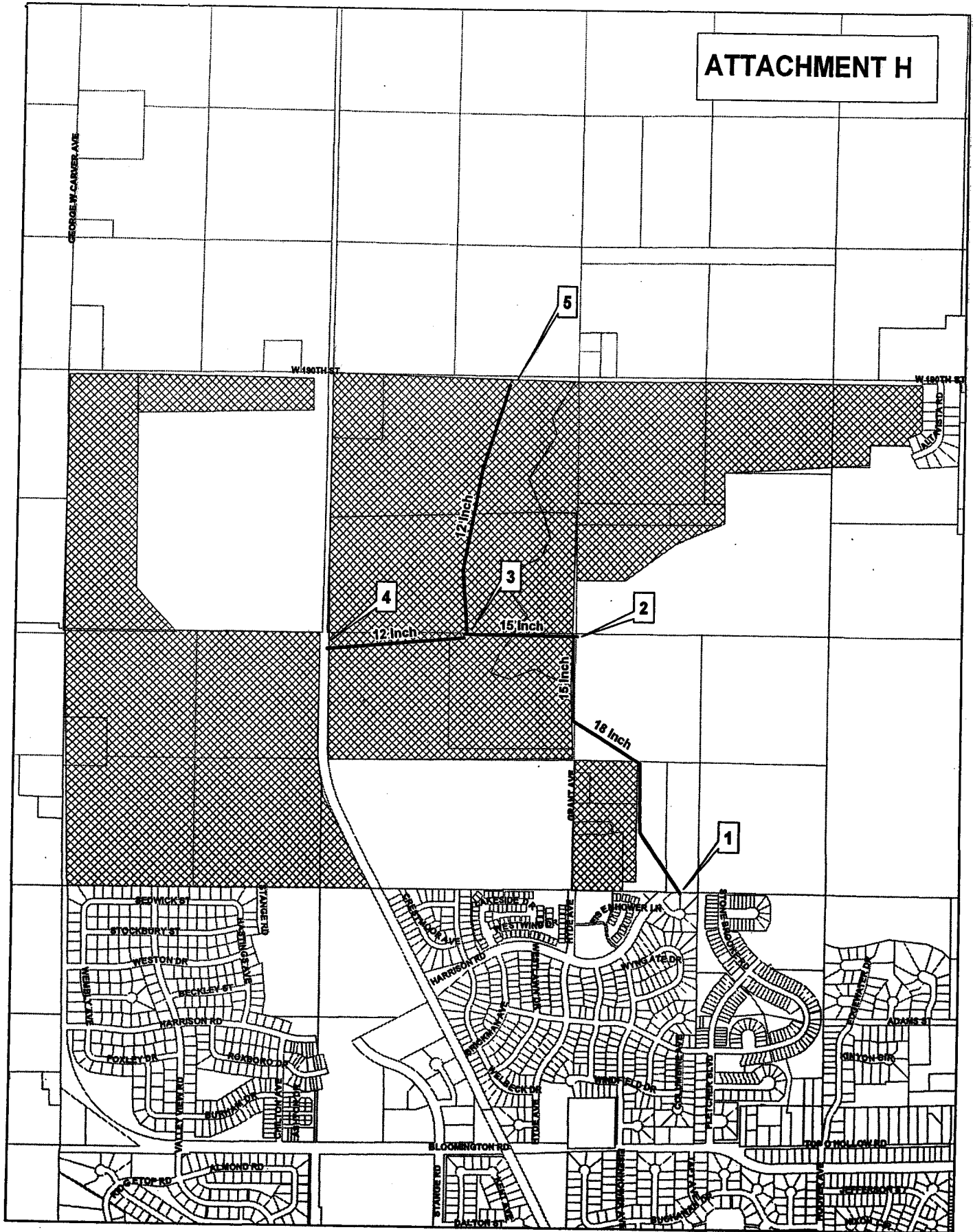
ATTACHMENT G



— Water Main [Cross-hatched] Potential Water Connection District



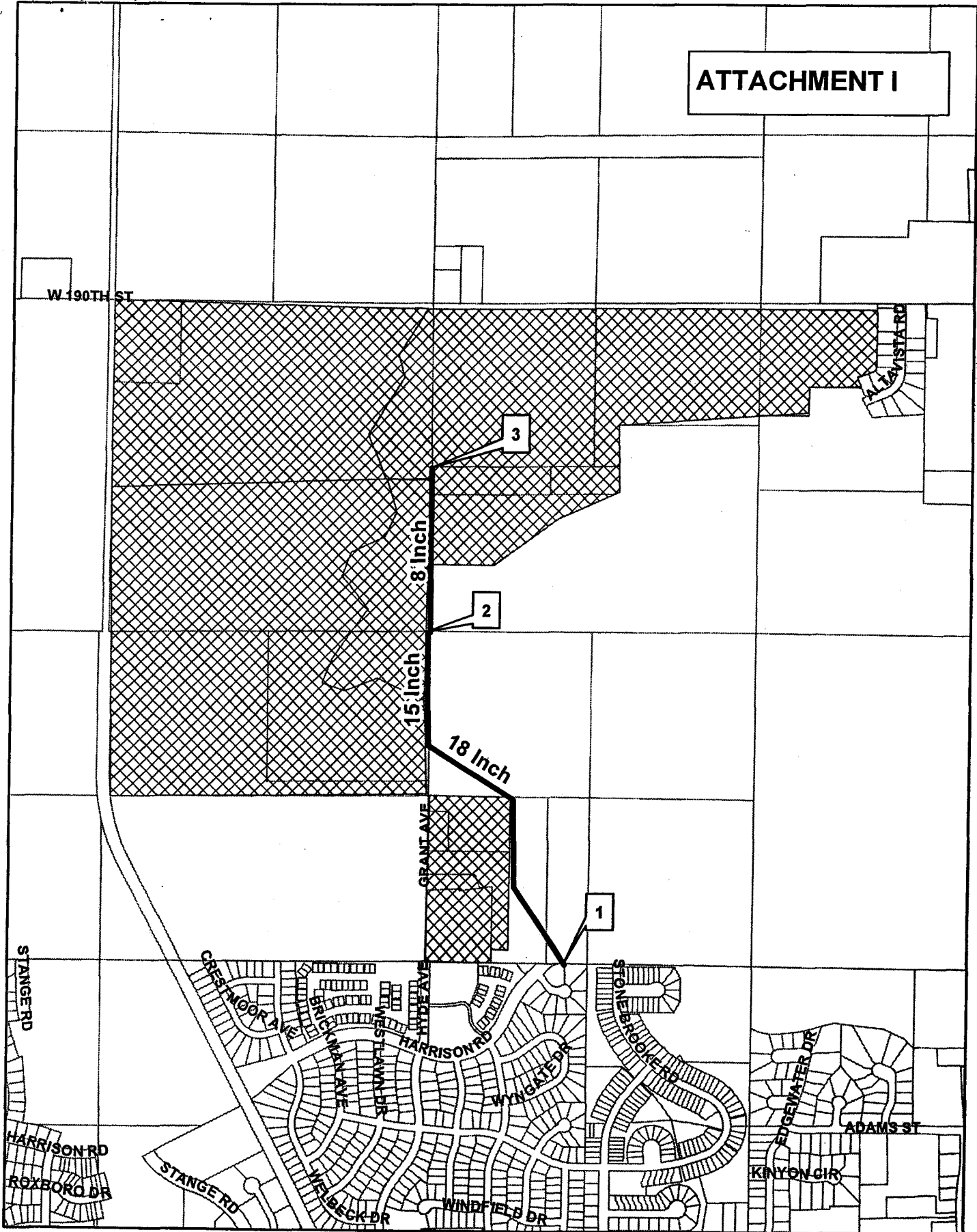
ATTACHMENT H



— Sanitary Sewer Main Potential Sanitary Connection District



ATTACHMENT I



1 inch = 1,039 feet
520 260 0 520 Feet

Sanitary Sewer Main Potential Sanitary Connection District

