



Memo

City Manager's Office

Budget 2

TO: Ames City Council

FROM: Seana E. Perkins, Business Development Coordinator

DATE: February 14, 2012

SUBJECT: Annexation

The Ames Economic Development Commission (AEDC) requested that the City Council review the opportunity to extend infrastructure east of the current City limits. This extension of urban infrastructure would allow for the annexation and future development of large lot industrial uses. As City staff researches the costs associated with the extension of urban infrastructure to this area, the AEDC assumed the responsibility to determine the interest of property owners in annexation and future industrial development and to confirm the ability to annex property that is contiguous to the current City limits.

LOCATION

The annexation area is located north of Lincoln Highway, directly east of the current City limits, west of 590th Avenue and south of the Union Pacific Railroad. This area is located in unincorporated Story County and lies within two miles of the City of Nevada. The easternmost limit is designated by the 28E agreement between the City of Nevada and the City of Ames. The City of Nevada has previously annexed properties to the east side of 590th Avenue.

ANNEXATION

The annexation area encompasses 566.57 acres of land and includes ten property owners. The discussion with property owners is ongoing, however it should be noted that a large percentage of the annexation area is agricultural in use. Agricultural land owners benefit from annexation in the following ways:

- Property owners of agricultural land will pay slightly less taxes when annexed to the City of Ames;
- Agricultural uses may continue on these properties until an opportunity presents itself; and,
- Properties that are annexed and designated as Planned Industrial, in close proximity to urban infrastructure, will be more attractive to potential buyers.

The right-of-way that is owned by the Union Pacific Railroad may be included in the annexation application without consent of the owner, pursuant to *Iowa Code* Section 368.7(1.a), however preliminary discussions have occurred with the Union Pacific Railroad and no concerns were raised.

The initial annexation area includes three residential properties, one commercial use comprised of three properties, two properties that are owned and utilized by the Union Pacific Railroad and 19 properties that are currently in agricultural production. The annexation area includes ten property owners.

Written materials have been sent to all property owners and discussions with the property owners of the railroad and agricultural properties have occurred and are supportive or pending. The residential property owners have expressed concerns related to industrial expansion in this corridor, past and planned investment in their homes, increased property taxes, cost of connecting to the public water and sanitary sewer system and the loss of the rural community.

Country Landscapes is the only existing commercially designated property in this annexation area. Country Landscapes has no relocation plans and associates itself with the Ames community, however their property taxes will also increase upon annexation to the City of Ames and they would also be burdened with the water and sanitary sewer connection fees.

As previously stated, the AEDC has been working toward a voluntary annexation application by contacting property owners within the annexation area. The following table identifies the individual property owners, the net acreage, the percentage of land that they hold and the contact responses to date:

Property Owner	Net Acreage	Percentage of Area	Correspondence Notes
Country Landscapes	4.61	0.8%	Supportive of Annexation
Ivan & Madelene Jensen	97.08	17.1%	Pending Legal Review of Documents
Donald Jensen	60.70	10.7%	Supportive of Annexation
Lila J. Wood Trust	138.61	24.5%	Supportive of Annexation
Lincolnway Energy	113.77	20.1%	Pending Board approval. Board meeting on 2-14-12.
Malcolm D. Miller	2.69	0.4%	Not supportive of industrial expansion in this area.
Dwight L. Kramer	1.34	0.2%	Not supportive of annexation.
Justin Ryan Block	0.6	0.1%	No response to date
Chicago & Northwestern Trans C/O Union Pacific Railroad Co.	NA	NA	No concerns to date

OPTIONS FOR NON-CONSENTING PROPERTY OWNERS

The three potential non-consenting residential property owners and the commercial property owner will not

see the benefit of annexation that the larger agricultural properties will receive. The following three options exist:

Partial Tax Exemption: Pursuant to *Iowa Administrative Code*, Chapter 7.2(2.h), the City of Ames does have the opportunity to offer a period of partial tax exemption that would follow the following schedule:

1. For the first year, 75%
2. For the second year, 60%
3. For the third year, 45%
4. For the fourth year, 30%
5. For the fifth year, 15%

The schedule above would reduce the City levy on property taxes and would provide some relief during the transition from the Story County to the City of Ames tax structure. **It is important to note that the schedule above would only reduce the City portion of the overall tax rate.**

Waiver of Water and Sanitary Sewer Connection Fees: Depending upon how the City Council decides to finance the extension of infrastructure, a Connection Fee District may be created or a Connection Fee may be assigned to help defray the cost. Consideration of waiving these costs for the existing three residential properties and for the existing commercial property is an available option to provide additional benefits to those property owners who may not see the added benefit in the annexation of their property.

80/20 Annexation: Please note that the City Council may decide to move forward with the annexation with a minimum of 80 percent of the property within the annexation area consenting to the annexation. This type of annexation, 80 percent consenting, is still identified in the *Iowa Administrative Code* as a voluntary annexation. Typically, non-consenting properties, such as the three residential properties in the annexation area, are included in an annexation application to prevent the creation of an island or to create a more uniform boundary. Considering that the deployment of infrastructure to this area would also open up approximately 400 acres of land south of Lincoln Highway, the inclusion of these properties, even as non-consenting, would be recommended.

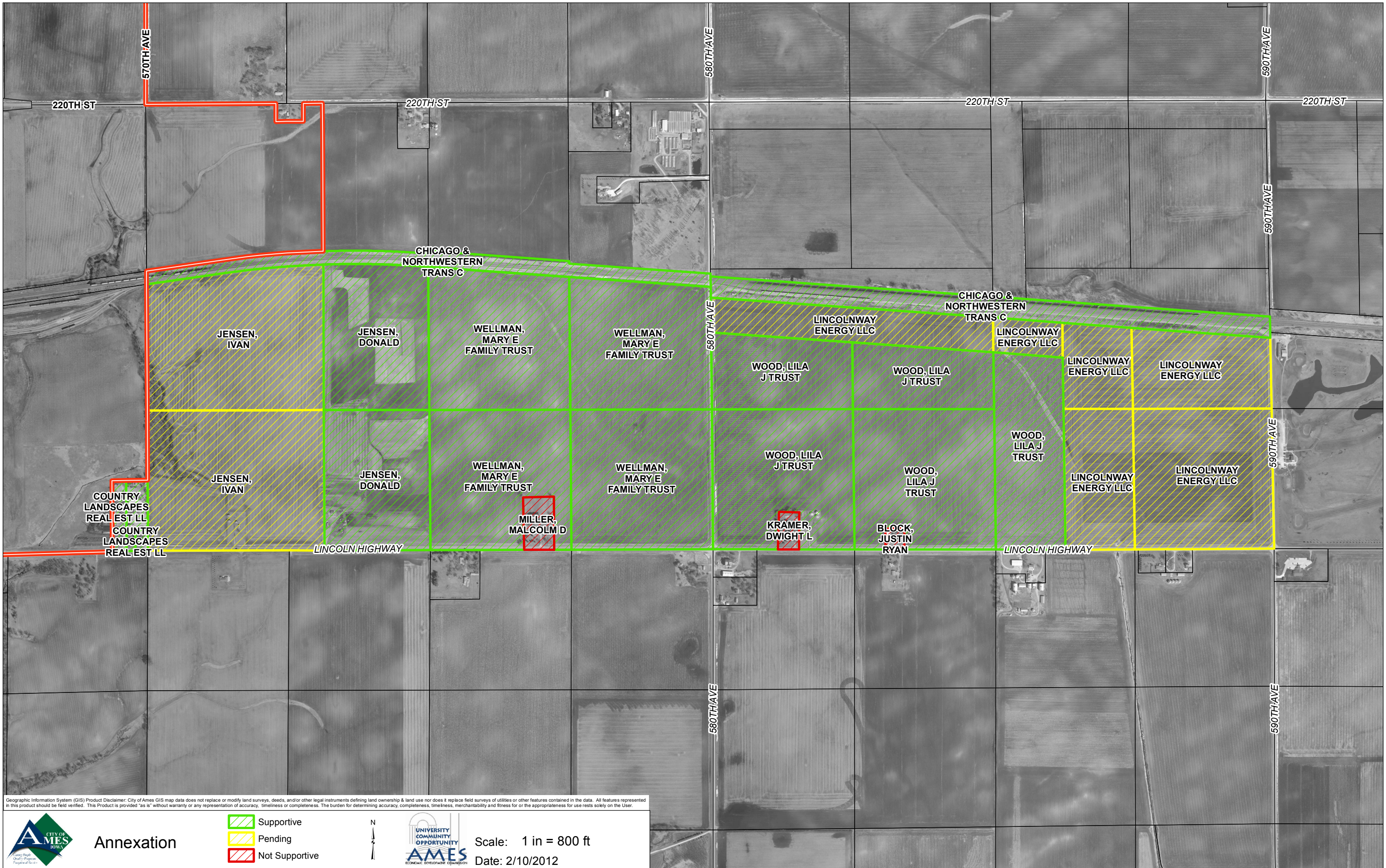
PROCESS

If the City Council chooses to proceed to deploy urban infrastructure to this area, an Urban Fringe Plan Revision and an Annexation will also need to occur. It is assumed that Rezoning would occur as the individual properties develop.

Urban Fringe Plan Revision: The Urban Fringe Plan Revision will need to occur prior to the Annexation. The properties that are within the annexation area, located east of the current City limits and on either side of 580th Avenue, are currently designated as Agricultural/Long-term Industrial Reserve. Properties that are located further to the east are designated as Agriculture and Farm Service with the waterway designated as a Natural Area. To prepare for annexation and for future industrial development, the proposed designation for the annexation area is Planned Industrial. The Urban Fringe Plan Revision process is initiated by a letter from the property owner requesting that the City Council consider the revision. The revision process is expected to take approximately three months to complete.

Annexation: Annexation of the properties and the adjacent rights-of-way would follow the Ames Urban

Fringe Plan revision process. The annexation process would require signed petitions from each of the property owners, at least 80 percent, to be designated as a “Voluntary Annexation” which is the preferred process. The annexation process is expected to take approximately six months to complete.



Geographic Information System (GIS) Product Disclaimer: City of Ames GIS map data does not replace or modify land surveys, deeds, and/or other legal instruments defining land ownership & land use nor does it replace field surveys of utilities or other features contained in the data. All features represented in this product should be field verified. This Product is provided "as is" without warranty or any representation of accuracy, timeliness or completeness. The burden for determining accuracy, completeness, timeliness, merchantability and fitness for or the appropriateness for use rests solely on the User.



Annexation

 Supportive

 Pending

 Not Supportive





Scale: 1 in = 800 ft
Date: 2/10/2012

AMES PUBLIC LIBRARY RENOVATION**PROJECT STATUS:** NewCity of Ames, Iowa
Capital Improvements Plan**DESCRIPTION/JUSTIFICATION**

On November 8, 2011, Ames residents approved a ballot measure authorizing the City to issue \$18,000,000 in bonds to expand and renovate the Ames Public Library. It is the intent of the Library Board to complete a \$20,000,000 expansion/renovation of the existing public library building, and the Ames Public Library Friends Foundation has been enlisted to assist in a fund raising effort to provide the additional funds necessary for the project. The final building design is not yet complete, but it has been determined that the library will remain in its present location. Expansion of the footprint will include the 5th Street lot acquired in 2005 which presently features a rain garden. A second story will be added or expanded on the west portion of the most recent (1984) addition. The architectural firm of Meyer, Scherer & Rockcastle LTD, has advised that the library should expect to operate from a temporary, off-site location during construction; the costs projected for the project include the expenses of moving and rent for the off-site location. It is anticipated that the "renewed" library will open to the public in fiscal year 2014/15. The debt service cost for this project is anticipated to increase the property tax rate by approximately \$0.61/thousand dollars of taxable valuation.

COMMENTS

2011/12:	Architectural/design fees	\$ 1,160,000
2012/13:	Architectural fees/construction of Library	4,500,000
2013/14:	Library construction	13,500,000
2014/15:	Construction completion	840,000
Total		\$ 20,000,000

The FY 2011/12 architectural design fees are funded \$1,000,000 from Library bequest funds and \$160,000 from private contributions.

Additionally, \$603,930 was spent from 2005/06 through 2010/11 to acquire the lot on 5th Street, and to conduct space needs, expansion feasibility, and fundraising feasibility studies to plan for the Library's future expansion.

LOCATION

Ames Public Library, 515 Douglas – Map 5, location M-11

FISCAL YEAR PRIORITY		1	1	1		
	TOTAL	2012/13	2013/14	2014/15	2015/16	2016/17
COST:						
Library Expansion/Renovation	18,840,000	4,500,000	13,500,000	840,000		
TOTAL	18,840,000	4,500,000	13,500,000	840,000		
FINANCING:						
G.O. Bonds	18,000,000	4,500,000	13,500,000			
Private Contributions	840,000			840,000		
TOTAL	18,840,000	4,500,000	13,500,000	840,000		

PROGRAM - ACTIVITY:
Community Enrichment**DEPARTMENT:**
Library**ACCOUNT NO.**
373-2679-459
237-2679-459
239-2679-459

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NEW WATER TREATMENT PLANT**PROJECT STATUS:** Delayed

Cost Change

City of Ames, Iowa
Capital Improvements Plan**DESCRIPTION/JUSTIFICATION**

The first step in preparing for a plant replacement began in FY 08/09 with the hiring of a consultant to perform an assessment of the existing plant's condition and to determine the timing and size of future capacity requirements. The results of the assessment, presented to Council in July 2009, recommended construction of a new 15 million gallon per day (mgd) lime softening facility on a new site.

The cost estimates shown below are based on the conceptual plan developed during the pre-design phase. Cost changes from last year's CIP reflect updated pricing from likely equipment manufacturers, inflation adjustments based on Engineering News-Record's Construction Cost Index, and additional development of project details. The proposed funding source for the majority of the project will be loans from the Iowa Drinking Water State Revolving Fund (DWSRF). These loans are currently offered at 3% interest and will be repaid over 20 years out of water revenues. This fund also allows for a three-year interest-free planning and design loan that can be rolled into the final construction loan. The design capacity includes a 1.5 mgd reserve capacity for future industrial growth. The DWSRF will not fund "speculative" capacity, so 10% of the construction costs is shown as coming from the Water Fund. The DWSRF amount shown below is the net amount, reflecting an anticipated \$5,889,000 in loan forgiveness for constructing the facility to a LEED-certified (Leadership in Energy Efficient Design) standard. The project timeline has been delayed due to the lengthy land acquisition process.

COMMENTS

The anticipated project schedule and budget are as follows:

FY 2008/09	\$ 244,000	Alternative Analysis and Conceptual Design
FY 2009/10 – 2011/12	1,359,000	Pre-design; Land Acquisition
FY 2011/12 – 2013/14	7,020,000	Final Design
FY 2013/14 – 2016/17	54,499,000	Construction Phase (in 2011 dollars)
FY 2014/15 – 2016/17	818,000	Construction Phase Engineering and Inspection
Total	\$ 63,940,000	

LOCATION

Water Plant, 300 East 5th Street – Map 5, location N-11

FISCAL YEAR PRIORITY		1	1	1	1	1
	TOTAL	2012/13	2013/14	2014/15	2015/16	2016/17
COST:						
Engineering/Legal/Administrative	5,658,000	3,873,000	967,000	327,000	327,000	164,000
Construction	54,499,000			21,800,000	21,800,000	10,899,000
TOTAL	60,157,000	3,873,000	967,000	22,127,000	22,127,000	11,063,000
FINANCING:						
Water Utility Fund	5,450,000			2,180,000	2,180,000	1,090,000
Drinking Water State Revolving Fund	48,818,000	3,873,000	967,000	19,947,000	19,947,000	4,084,000
DWSRF Loan Forgiveness	5,889,000					5,889,000
TOTAL	60,157,000	3,873,000	967,000	22,127,000	22,127,000	11,063,000

PROGRAM - ACTIVITY:
Utilities – Water Treatment

DEPARTMENT:
Water & Pollution Control

ACCOUNT NO.
512-3933-489