

Supplemental Staff Report

North Growth Annexation

January 8, 2013

Following completion of the staff report that was included with the January 8, 2013 City Council agenda, staff received additional important information from the state's City Development Board. This information affects Option Two as described in the earlier report; and this supplemental report now provides an Option Three for Council's consideration. The options are summarized below.

Option One:

This option would move the Quarry Estates and Athen annexations forward as separate annexation actions, and include the following steps:

- Begin on January 8 with the referral of both petitions to the Planning and Zoning Commission.
- The City Council would conduct a public hearing on both applications on March 26.
- Prior to March 26, an annexation agreement would be prepared to address the sanitary sewer and zoning issues for the Athen request.
- Separate annexation agreements would also be developed with the two developers who own property in Area C (Quarry Estates, parcel 10 on the attached map; and the northern Hunziker property, parcel 11) to address the costs of paving Grant Avenue, as well as other relevant issues.
- This option does not ensure that funding is secured for the southern portion of Grant Avenue paving from the owner of parcel 2 (Hunziker).

Option Two:

This option involves postponing action on the Quarry Estates and Athen annexations for a brief period until the larger Hunziker property (parcel 2) also applies for annexation. **Under this option, the three separate areas would be handled as one single annexation**, in which case the 80/20 rule would allow the annexation of the entire 355 acres. Steps would include the following:

- The same annexation agreement described under Option One would be needed for the Athen land.
- In addition to the annexation agreements for Quarry Estates and the northern Hunziker parcel noted under Option One, an annexation agreement would also be developed for the southern Hunziker property (parcel 2).
- Hunziker would agree to promptly begin the annexation process for their southern parcel by submitting an annexation petition.

- Action on forwarding all three annexation requests to the Planning and Zoning Commission could occur at the January 22 or February 12 Council meetings.
- This schedule would culminate in a public hearing before the City Council on April 9 or April 23.

Option Two was predicated on the understanding that all three annexation requests could be combined to meet the state's threshold of at least 80 percent of the land being annexed voluntarily. **However, on January 8 received additional information from staff of the state's City Development Board (CDC) regarding this option. They expressed concern, since the three areas are not contiguous, whether they could be considered as a single annexation.** The CDC's next meeting is tomorrow, January 9. Both Legal and Planning staff will attend that meeting to explain the City's northern growth situation and discuss whether the Board would support the approach taken in Option Two.

If the City Development Board determines that the three non-contiguous areas for annexation must remain as separate annexation actions, then Option 2 should no longer be considered. Given that possibility, staff has developed a third option.

Option Three:

This option would consider the annexation of areas A, B and C separately. For area B, however, it should be noted that the annexation of parcel 2 alone would not be large enough to bring in the other properties under the state's 80/20 law.

Option Three would involve the following steps:

- Council would delay referring the Quarry Estates and Athen annexation requests to the Planning & Zoning Commission until the January 22 or February 12 Council meetings.
- As in Option One, annexation agreements would be developed with the two developers who own property in Area C (Quarry Estates, parcel 10 on the attached map; and the northern Hunziker property, parcel 11) to address the costs of paving Grant Avenue, among other issues.
- Under this option, there could be two possible courses of action as it relates to the southern Hunziker property. First, **a separate development agreement could be written for parcel 2 so that, when that land is eventually annexed, it would also reimburse the City for its share (20%) of the Grant Avenue paving cost.** The southern Hunziker property would **not** have to seek annexation at this time. However, under this approach, the developer would not be obligated to begin paying his share of Grant Avenue until this parcel is annexed, which could take some time to overcome. **A second approach, could be to subdivide parcel 2 into two lots with one being a narrow lot running east-west along the northern boundary. This approach would avoid creation of an island out of parcels 3,4,5,6,7,8, and 9.**
- The same annexation agreement described under Option One would be needed for the Athen land.

- Staff would also be directed to consult with the owners of parcels 3 and 4 (Sturges and Fidelity Bank, respectively) to discuss their interest in being voluntarily annexed into the City. If they both are willing to do so, then annexation applications from both owners, as well as from Hunziker for parcel 2, could initiate the annexation of Area B in its entirety.

Staff Comments

As noted in the original staff report, if the Council wishes to move forward immediately with an annexation process for Athen and Quarry Estates, Council could select **Option One**. However, that option could lead to significant residential development served by an unpaved County road (Grant Avenue), since the City would have no mechanism in place to pay for the road improvement adjacent to the Hunziker properties.

If the City Council wishes to ensure that all three developers commit to pay for their respective shares of the cost of Grant Avenue prior to approving any of the annexation requests, including the Athen property, the City Council could select **Option Two**. This would involve complete annexation of all three areas and provide for development of 355 acres. This process could begin once annexation petitions have been submitted for both Hunziker properties, which could involve a two to four weeks delay. **This option, however, may not be legally viable. It will not be known until at least Wednesday of this week whether this option is possible.**

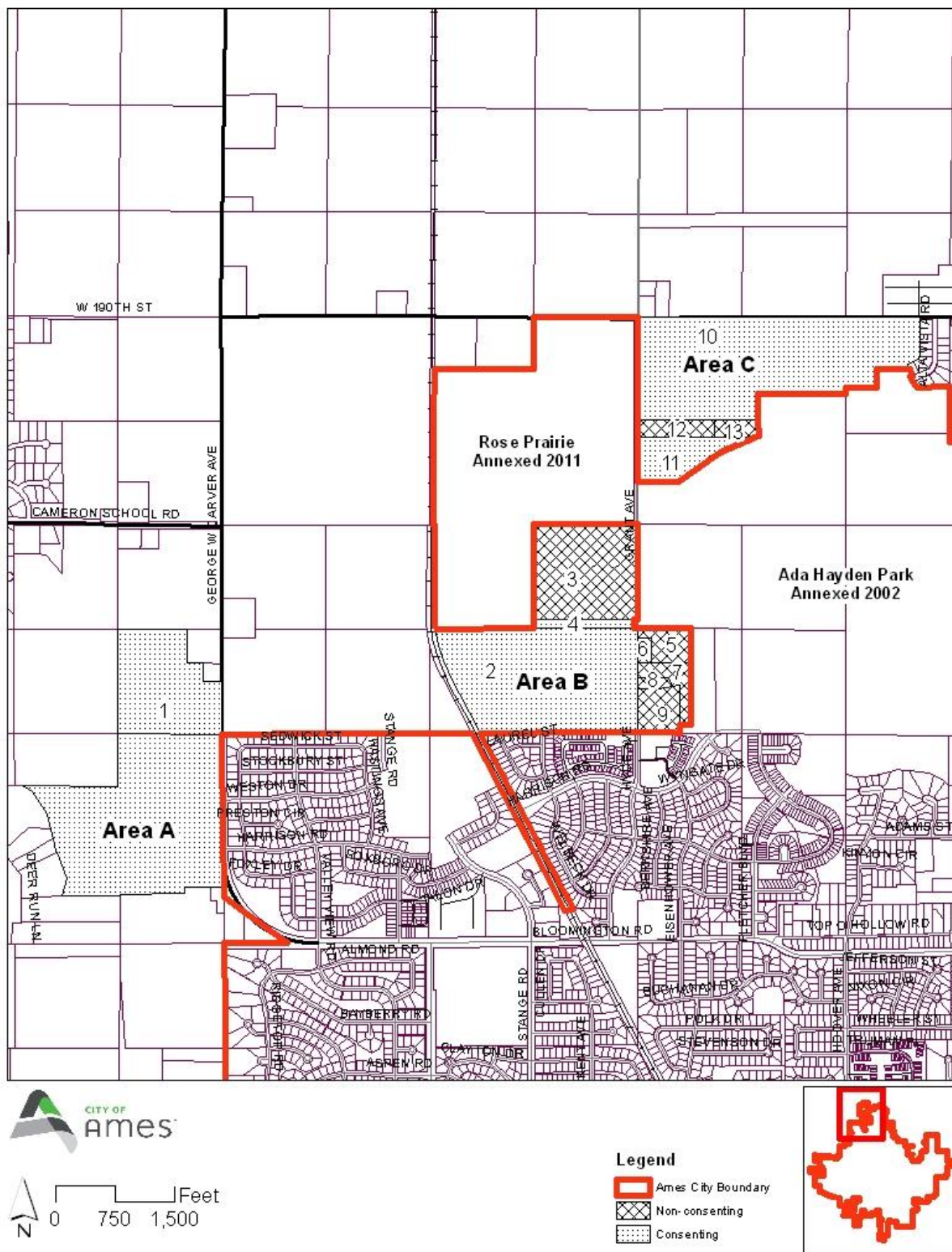
Option Three also ensures that developers will reimburse the City for their respective shares of the cost of Grant Avenue. However, since it does not require annexation of the southern Hunziker piece at this time, there would not be a firm schedule for the City to be reimbursed for that share of the street improvement costs. One way to overcome this uncertainty is to create a narrow slice of land running east-west along the northern boundary of parcel 2, which would prevent the creation of an island for parcels 3,4,5,6,7,8 and 9. Care should be taken in considering this alternative, however, since creation of such a “flag lot” pushes the 80/20 dilemma further into the future, at which time it may be even more difficult to annex the smaller “island” properties. A second way to facilitate the annexation of all of Area B and the pavement of that portion of Grant Avenue would be if owners of enough other land in Area B (parcels 3,4,5,6,7,8 and 9) would support annexation. Given the tight time frame within which these requests have progressed recently, staff has not yet had time to consult with these property owners regarding this possibility.

Based on previous comments from the City Council, it appears that Council wishes to ensure that the Athen annexation occurs in concert with development along Grant Avenue where a financial commitment to extend water and sewer lines by the City has already been made. It is in our taxpayers’ interest to have a mechanism in place to recover portions of the cost for paving the entire length of Grant Avenue from those who develop land in that area. Option Two would accomplish those goals. However, given the uncertainty raised by the City Development Board staff, Council’s preferred alternative may be Option Three.

Under this option, the Council will need to identify which course of action to pursue as it relates to parcel 2.

In negotiating the annexation agreements, it should be noted that the owners of Quarry Estates and the Hunziker properties are unwilling to sign agreements that include an obligation to install fire sprinklers in all homes built in their subdivisions, as was included in the Rose Prairie agreement. The Quarry Estates owners had signed an agreement including that provision back in 2010; but now believe that such sprinklering is unnecessary and is not desired by new home buyers.

ANNEXATION MAP



OWNERSHIP LIST

This table identifies the owners of land within the three areas noted in the staff report. Column 1 is the number corresponding to the map on the previous page. Columns 2 and 3 are the owners and total acres of their land. Column 4 is the total acres seeking annexation with the presumption that the major landowners (Athen, Quarry Estates, Hunziker will seek annexation). So far, only Athen and Quarry Estates have petitioned for annexation. Column 5 is the percent of consenting owners within each area and overall.

Map Index	Name	Gross Acres	Consent?	Percent Consent
	Area A			
1	Athen	121.02	Y	
	Subtotal	121.02	121.02	100.00
	Area B			
2	Hunziker	69.80	Y	
3	Sturgis	36.12		
4	Fidelity	3.42	Y	
5	Eness	5.43		
6	Eness	1.24		
7	Eness	5.10		
8	Gregg	1.17		
9	Hamblin	6.99		
	Subtotal	129.27	73.22	56.64
	Area C			
10	Quarry Estates	85.45	Y	
11	Hunziker	12.00	Y	
12	Frame	4.84		
13	Frame	2.83		
	Subtotal	105.12	97.45	92.70
	Total	355.41	291.69	82.07

Area A and Area B, each, have a high enough percentage of owners consenting to annexation to proceed. Area C does not. However, if all three areas are combined as a single annexation, the percentage is high enough (82.07%) to proceed with an annexation under the 80/20 rule allowed by state law.