

## Staff Report

## XENIA RURAL WATER DISTRICT UPDATE

October 22, 2013

Xenia Rural Water District's service territories to the north and south of Ames have presented a significant challenge for the City's growth in these areas. Accordingly, the City Council has directed staff to work with Xenia, area developers, and other affected parties to overcome that hurdle. This report summarizes progress made since the previous Council update on August 13.

WATER SERVICE TERRITORY IN THE NORTHERN GROWTH AREA

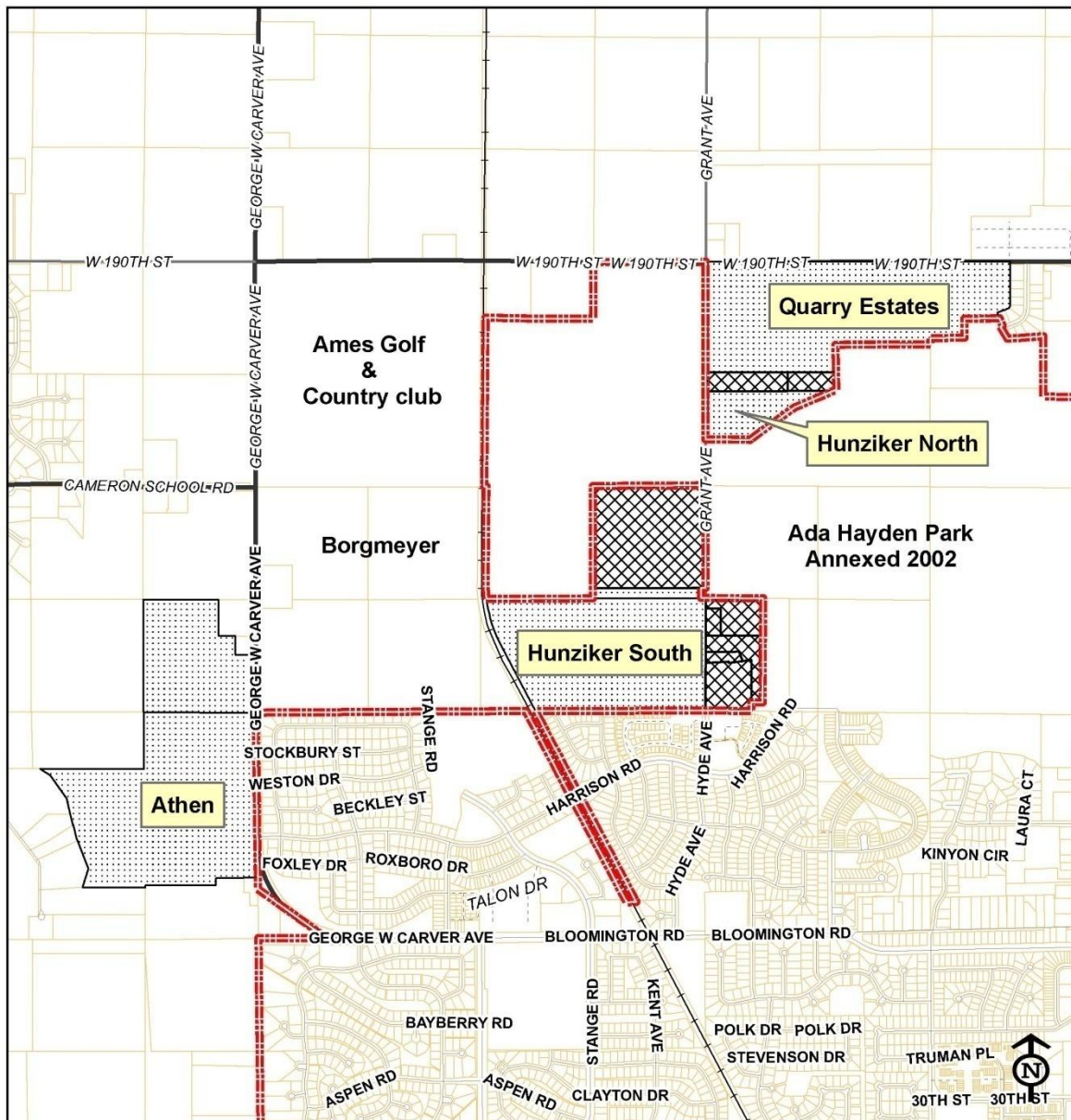
- As of October 17, the local developers for the Quarry Estates and Hunziker lands along Grant and G.W. Carver Avenues have reached an agreement with Xenia on terms for transferring those lands to City water territory. The terms of those contracts are now being confirmed through the parties' attorneys. Both sides report that these agreements will clear the way for Xenia to relinquish the respective territories on Ames' north side. Xenia staff report that they will take these agreements to their Board for approval, and then to the USDA and Assured Guaranty for their approvals.
- City staff is working actively with Xenia to negotiate an agreement confirming transfer of the developers' lands to become City water territory. Xenia's attorneys are drafting an agreement, which Xenia staff hopes to transmit to City staff by the week of October 28. City staff will review the draft with both internal and outside legal counsel. After negotiations are completed, the City Council and the Xenia Board will be asked to give their approval. Key negotiating priorities for City staff include the following:
  1. The water service territories for which land owners and Xenia have signed agreements will be transferred to the City of Ames at no cost to the City.
  2. Payments by developers/customers for other lands in the Northern Growth Area will not exceed those negotiated between Xenia and Quarry Estates/Hunziker.
  3. A sunset date will be negotiated, after which Xenia will no longer be paid for additional customers' territory transfers.
  4. The agreement will apply to territory covered by the 1996 City-Xenia agreement within the Northern Growth Area only, and will not be a precedent for any future territory transfers between the City and Xenia.

Staff has asked Xenia to specify the terms under which Xenia's existing customers along Grant Avenue could hook onto City water at some future time; and that Ada Hayden Park be transferred to City service territory at no cost.

- Staff and the Quarry Estates and Hunziker developers met on October 15 to coordinate interactions with Xenia, as well as to work on needed changes to the pre-annexation agreements for their two properties and the Athen property. Staff is drafting update annexation agreements, after which a follow-up meeting will be held. Chuck Winkleblack is sending the Council a request to modify the Athen agreement to eliminate the RM zoning limitations, since the senior living facility will no longer be a part of that development. The land will now all be developed for single family homes.
- On September 27 staff met with Brian Sansgaard, the current owner of Rose Prairie, to help him understand the development opportunities and obligations of his property. Staff also brought him up to speed on the Xenia negotiations and possible timing for construction of Grant Avenue. Since that time, staff has learned that Mr. Sansgaard is also working with Xenia to negotiate the same terms being negotiated for Quarry Estates and the Hunziker parcels.
- Staff also arranged meetings with two owners of large land parcels east of G.W. Carver that could be included in the sewer connection district that will serve Grant Avenue.
  - A meeting with the Ames Golf and Country Club (AGCC) was held on October 17. The AGCC recently entered into a development contract with Bella Homes to develop single family homes and town homes on the westernmost portion of their property. Their goal, in accord with the current Fringe Area Plan, is to develop that property as Rural Transitional Residential, which could allow residential development outside of the City limits. However, the Land Use Policy Plan's Northern Growth Area, which was amended to include all land west of Quarry Estates, south of 190<sup>th</sup> Street and east of G.W. Carver, also includes their land. That policy map would imply development within the City limits. Staff is working to resolve this inconsistency and hopes to have additional information Tuesday night.
  - Staff has scheduled a meeting with Robert and Margaret Borgmeyer on October 31 to educate them on development that will be occurring in this area, and to discuss the potential extension of City utility services to or through their property, as well as potential annexation of their land.
- Staff will also arrange one more meeting with the Grant Avenue neighbors early in November to update them regarding the Xenia arrangements, to coordinate easements needed for the utility and road construction up Grant Avenue, and to extend one final opportunity for them to consider voluntary annexation.

A map showing the properties seeking annexation and the other properties within the Northern Growth Area is shown below.

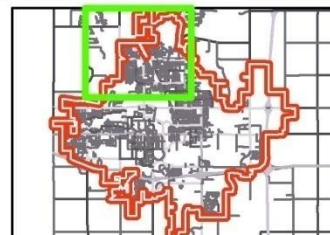
## Proposed Annexation Areas



0 600 1,200 1,800 2,400  
Feet

### Legend

- AMES INCORPORATED LIMITS
- Non-Consenting
- Consenting



## WATER SERVICE TERRITORY TO THE SOUTH & WEST OF AMES

- With regards to **Xenia service territory to the south and west of Ames**, City and Xenia staff met on October 17 to coordinate establishment of a clear boundary for Xenia territory within the City's two-mile fringe. Xenia staff is checking its records to verify staff's understanding of this boundary. Staff will next work to put together a map that can be approved by both entities to confirm this boundary. Staff will then be able to fulfill a Council request to superimpose the City's Urban Fringe Plan over a Xenia service territory map.
- ISU Research Park Phase III status – On October 8 staff met with representatives of the Research Park to begin coordination of the overall steps needed to facilitate the Phase III expansion. Included among the issues discussed was water service territory. The Research Park desires to have City water service, and understands its responsibility as the Park developers to make any needed arrangements with Xenia for territory transfer. They indicated that they would be contacting Xenia to initiate that discussion.

## SUMMARY

Progress is being made in each area associated with City expansion into Xenia Rural Water District territory to the north. Next steps include the following:

1. Approval of Xenia-developer agreements by the developers, the Xenia Board and the USDA.
2. Finalize the City-developer annexation agreements.
3. Finalize the Xenia-City agreement.

When these steps are completed, staff will place the agreements with Xenia and with the developers on a Council agenda for action. After approval of those agreements, Council will then be in position to approve the next two steps, which are:

4. Approval of the Quarry Estates, Athen and Hunziker annexations.
5. Going out for bids for the water and sanitary sewer extensions up Grant Avenue. If this step is taken by early spring, these improvements can be installed by autumn 2014.

The paving of Grant Avenue will be included in the Recommended 2014/15 Budget and Capital Improvements Plan. Assuming that project is approved by the Council in March, bids can be taken and work initiated by that fall, with roadway completion by 2015.

## FINAL NOTE

In working to facilitate City growth into surrounding areas over the past several months, staff has devoted the majority of its time to dealing with Xenia rural water issues to the north and south. After that effort is concluded, staff will turn its focus to the City's need to facilitate industrial growth to the east by negotiating with the Central Iowa Water Association (CIWA).