

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING ON EAST INDUSTRIAL ANNEXATION

BACKGROUND:

The City has been exploring the expansion of industrial land to the east for several years. The City Council's Economic Development goals from 2014 and 2015 include the objective of annexing 1400 acres of land along Lincoln Highway for the East Industrial area expansion.

This area has been identified as desirable for industrial development because of access to the Union Pacific railroad, to Interstate 35 and to US Highway 30, to an industrial volume of natural gas, and the availability of large tracts of relatively flat land, all of which combine to make the area appealing for industrial development. The City has been working on a number of issues in anticipation of annexation, including working with the Central Iowa Water Association on a mechanism to transfer water service rights to the City, preparing preliminary plans and budget estimates for extending sanitary sewer service and water service as far east as 590th Avenue, and amending the Ames Urban Fringe Plan to allow annexation. In 2010 the Ames and Nevada City Councils also entered into a ten-year memorandum of understanding agreeing that 590th Avenue would be the limit of annexation between the two cities.

The City of Ames has received annexation petitions from property owners representing 1,082.78 acres on both sides of Lincoln Highway between Ames and Nevada in the planned East Industrial expansion area. The petitions are signed by 11 owners representing 36 separate parcels. Most have signed a waiver of their right to withdraw from the annexation process. One property owner has not provided a waiver to withdraw from the annexation. This owner would have the right to withdraw from the annexation within three days of the conclusion of the public hearing. If they were to withdraw, the boundaries of the annexation would need to be adjusted.

The annexation petitions encompass properties recently designated as Planned Industrial in the Ames Urban Fringe Plan map. That designation was completed in March, 2016 with the approval by the City Councils of Ames and Gilbert and the Story County Supervisors. An excerpt of the Ames Urban Fringe (AUF) Future Land Use Map is found in Attachment 1. The 28E Agreement that implements the AUF Plan requires the City to consider annexation applications only for those areas designated as Urban Residential or Planned Industrial in the Ames Urban Fringe Plan.

Inclusion of Non-consenting Owners

Annexations are governed by the Code of Iowa Section 368.7. Annexation petitions initiated by individuals or entities are classified as a voluntary annexation. With a voluntary annexation, the City may include up to 20 percent of the total annexed land area with additional non-consenting property owners in order to avoid creating islands (the Code of Iowa does not allow islands to be created by annexations) or to create

more uniform boundaries (to make the provisions of services more efficient). This rule is often referred to as the 80/20 rule, requiring a minimum of 80 percent consenting land owner area and a maximum of 20 percent non-consenting land owner area.

Prior to presenting the annexation petitions to the City Council to initiate the process, City staff met with several of the owners of the non-consenting parcels on August 15, 2016. The meeting was intended to describe the impacts of annexation and measure their interest in joining the proposed annexation. The owners who attended had a number of questions about City services, taxes, and the timing of a possible annexation. None indicated a desire to join the annexation.

At the August 23, 2016 City Council meeting, staff was directed to include additional properties under the 80/20 rule. Seventeen parcels (owned by 12 separate owners) were included in the annexation in order to avoid creating islands and to create more uniform boundaries. The proposed annexation now totals 1,349.63 acres, plus additional railroad and highway rights-of-way. Attachment 2 shows the location of the annexation between Ames and Nevada. Attachment 3 includes a map identifying the consenting and non-consenting properties owners. **The consenting owners comprise 80.23 percent of the entire annexation area represented in Attachment 3.** A table showing the names of the owners, their acreages, and whether or not they are consenting is included in Attachment 4.

Planning and Zoning Commission Recommendation: At the October 5, 2016 meeting of the Planning and Zoning Commission, the Commission voted 6-0 to recommend the annexation of 1,349.63 acres of land, including 266.85 acres owned by non-consenting owners. At the public hearing, four people who are not residents of the area spoke in favor of the annexation. They commented on the expected impacts to the property tax base, City and school revenues, new companies, capital investment and job creation. One person who lived in the area spoke, noting that those in favor did not live in the annexation area and would not pay the increased property tax.

Commissioners noted the need for land to accommodate industrial growth outside of the ISU Research Park, that the last major industrial development (Barilla) occurred nearly twenty years ago, and the suitability of this area for industrial development.

ALTERNATIVES:

1. The City Council can approve the annexation of 1,349.63 acres of land, including 266.85 acres of non-consenting property as shown on Attachment 2, and direct staff to file the annexation with the state City Development Board if there has been no withdrawal of a consenting property owner within three days of the conclusion of the public hearing.
2. The City Council can approve an annexation of less than 1,349.63 acres by identifying which properties to exclude.
3. The City Council can deny the annexation requests.

CITY MANAGER'S RECOMMENDED ACTION:

This annexation request represents the direction given by the City Council to prepare and make available vacant land for industrial uses. The proposed boundaries for the annexation follow the designation of this land as Planned Industrial in the Ames Urban Fringe Plan. The proposed boundaries also reflect the "buyout area" of the agreement between the City and the Central Iowa Water Association which became effective on March 21, 2016. The boundary of the annexation is the maximum area that can be served by currently planned infrastructure extensions.

Petitions for annexation have been submitted by owners of 1,082.78 acres in the area. City staff reached out to the owners of the remaining 266.85 acres to gauge their level of interest in joining the annexation. As of this writing, no others have sought annexation.

The proposed annexation is consistent with the Land Use Policy Plan in terms of its location, land needs for economic development, and its access. The annexation is also consistent with the 28E annexation moratorium with Nevada as noted in the addendum. Once the site is annexed, the City will continue with overall planning efforts for the area to coordinate deployment of infrastructure and zoning for intended industrial uses.

Although most of the consenting property owners have signed a waiver to withdraw from the annexation process, one large property owner has not and would have the right to withdraw from the process within three days of the City Council concluding the public hearing on the annexation. If City Council concludes the public hearing and approves the annexation, City staff will commence work on filing the documentation with the state once the statutory withdrawal period has expired.

Therefore, it is the recommendation of the City Manager that the City Council accept Alternative #1, thereby approving the annexation of 1,349.63 acres, including the additional 266.85 acres of non-consenting land. In the event a consenting property owner was to withdraw within three days, staff would provide an update on the annexation options at the December 13th City Council meeting.

ADDENDUM

Annexation Considerations

The City has a policy requirement that annexations be consistent with the LUPP and the AUF. The growth areas identified in these documents are areas that were selected on, among other things, the ability to provide services to allow for annexation and development. In this circumstance, the annexation area is consistent with the recent LUPP and Fringe Plan amendments intended to identify the desired location of an east industrial expansion area.

Upon annexation, a property will automatically assume the LUPP land use designation consistent with its use designation as described in the AUF. In this case, the Planned Industrial LUPP designation would be assigned to these properties upon annexation. Those areas currently designated as Natural Area would become Environmentally Sensitive Areas.

All newly-annexed property is automatically zoned Agriculture. Zoning would not change unless a request is initiated by an individual property owner or by the City Council. Any proposed zoning would need to be consistent with the Land Use Policy Plan. City Council has directed staff to consider a master planning project for the east industrial expansion area to review infrastructure demands and the types of industrial uses allowed for the area and their relationship to zoning.

Also upon annexation, the City of Ames would provide fire and police protection, replacing the rural fire service (in this case, Nevada Fire Department) and the County sheriff, respectively. Assessed valuations would change based on the next calendar year assessment. The new levy would be reflected in the tax statement in the fall of the following calendar year.

Prior to the AUF amendment, the City entered into an agreement with Central Iowa Water Association to establish rates for the buyout of the CIWA territory and incorporation into the Ames service area. The property owners have the obligation to secure buyouts of rural water requirements before development of any properties can occur within the City. The City is not responsible for water buyout obligations of individual property owners.

Other service providers' boundaries will vary in newly annexed areas based on state regulated district boundaries. Ames Community School District boundaries currently extend to within one half mile of 590th Avenue, at which point the Nevada School District provides services. See Attachment 5. IES Utilities (aka Alliant Energy) provides electric services for much of the proposed annexation area, although Consumer's Energy provides services for the eastern one-quarter mile. These boundaries are unaltered by annexation.

Annexation Process

The City Council, on August 23, accepted the petitions and referred them to the Planning and Zoning Commission for a recommendation. City staff invited the Supervisors of Story County and the Trustees of Grant Township for a required consultation. Only Story County provided a representative to that meeting. No requests

for alterations to the proposed annexation were received in the seven days following that consultation. **The Supervisors approved a resolution in support of the annexation at their meeting on October 4.** (See Attachment 6.)

Because the proposed annexation request lies within two miles of another city (Nevada) and because there are non-consenting owners, the City Development Board of the Iowa Economic Development Authority would need to act on the request following their own public hearing.

Land Use Policy Plan (LUPP)

The Land Use Policy Plan contains goals and principles for the City. Adopted in 1997 and amended several times, the current Land Use Policy Plan remains the guiding document for growth, development, and sustainability for the community. A few items of the LUPP can be seen to provide guidance on this proposed annexation. Three goals, in particular, speak to encouraging growth for employment and economic development.

Goal No. 1. Recognizing that additional population and economic growth is likely, it is the goal of Ames to plan for and manage growth within the context of the community's capacity and preferences. It is the further goal of the community to manage its growth so that it is more sustainable, predictable and assures quality of life.

Objectives. In managing growth, Ames seeks the following objectives.

- 1.A. Ames seeks to diversify the economy and create a more regional employment and market base. While continuing to support its existing economic activities, the community seeks to broaden the range of private and public investment.
- 1.B. Ames seeks to integrate its growth with an economic development strategy for the Central Iowa region.
- 1.C. Ames seeks to manage a population and employment base that can be supported by the community's capacity for growth. A population base of 61,000-73,000 and an employment base of up to 34,000 is targeted within the City. Additionally, it is estimated that the population in the combined City and unincorporated Planning Area could be as much as 67,000 and the employment base could be as much as 38,000 by the year 2030.

Goal No. 2. In preparing for the target population and employment growth, it is the goal of Ames to assure the adequate provision and availability of developable land. It is the further goal of the community to guide the character, location, and compatibility of growth with the area's natural resources and rural areas.

Objectives. In assuring and guiding areas for growth, Ames seeks the following objectives.

- 2.A. Ames seeks to provide at least 600 to 2,500 acres of additional developable land within the present City and Planning Area by the year 2030. Since the potential demand exceeds the supply within the current corporate limits, alternate sources shall be sought by the community through limited intensification of existing areas while concentrating on the annexation and development of new areas. The use of existing and new areas should be selective rather than general.
- 2.B. Ames seeks to assure the availability of sufficient suitable land resources to accommodate the range of land uses that are planned to meet growth. Sufficient land resources shall be sought to eliminate market constraints.

- 2.C. Ames seeks a development process that achieves greater compatibility among new and existing development.
- 2.D. Ames seeks a development process that achieves greater conservation of natural resources and compatibility between development and the environment.
- 2.E. Ames seeks to integrate its planning with that of Story County and surrounding counties in assuring an efficient and compatible development pattern, and in assuring that there are adequate agricultural resources to serve the region.

Goal No. 9. It is the goal of Ames to promote expansion and diversification of the economy in creating a base that is more self-sufficient and that is more sustainable with regard to the environment.

Objectives. In creating an economic base that is more self-sufficient and environmentally sustainable, Ames seeks the following objectives.

- 9.A. Ames seeks more diversified regional employment opportunities involving technology-related services and production, office centers and retail centers.
- 9.B. Ames seeks to attract and support a small- and medium-size business center that utilizes the skills and products of the area's trained workforce.
- 9.C. Ames seeks to expand its research and technology development through greater private, public and university coordination and cooperation.
- 9.D. Ames seeks economic activities that are compatible and sustainable with its environment.

A 2011 update provided estimates of future land use allocations. Found on page 33 of the LUPP, it estimates between 55 and 325 acres are needed for future industrial uses. Growth in population since 2011 has occurred at a higher rate than the mid-level projections of 2011 as the City is already at a population of 65,000 people with 14 years remaining within the projection horizon to 2030. Job growth and stability has been within previous projections. The 2014 U.S. Census estimate for Ames is 31,700 primary jobs within the city and a total of 34,000 jobs, when including additional employment opportunities.

A recent inventory by staff in the fall of 2015 indicates there are approximately 350 vacant acres of combined Research Park, General, and Planned Industrial zoned land in the city. Although the requested annexation is nearly 1,350 acres, this size also recognizes the potential for future industrial growth and to identify an area in which incompatible uses would be given greater scrutiny.

Vacant industrial land within the City of Ames is now limited. Land is available on South Bell Avenue but is limited to smaller parcels, ranging in size from about 1 acre to 5.25 acres. Other industrially-zoned land is available on Freel Drive and SE 5th Street but is either in the flood plain or would require extensive cleanup. Vacant industrial land can be found within the ISU Research Park although zoning and private restrictions would limit the types of industrial uses that could locate here. A 53-acre parcel zoned Planned Industrial lies on the south side of E. 13th Street, east of an undeveloped commercial

parcel, although there are no utilities to serve the east side of the interstate. The proposed expansion will create more market opportunities to site industrial uses.

On page 35 of the LUPP are locational and design recommendations for Planned Industrial areas.

- Planned Industrial - Industrial uses that involve a clustered/industrial park setting in order to achieve greater integration of uses, access and appearance. Locations should be near limited-access thoroughfares.

Planned Industrial uses should be located near limited-access thoroughfares. Since these locations involve main entries to Ames, specific design features are recommended.

Recommended design features include the following:

- Greater set-back of buildings from major thoroughfares;
- Building design involving a “front” face toward each major thoroughfare;
- Landscape buffer along major thoroughfares; and,
- Storage, assembly yards and parking areas located on the opposite side of the building from a major thoroughfare.

The LUPP identifies “New Lands” as areas appropriate for industrial expansion. New Lands include all of the areas designated in the Ames Urban Fringe Plan as Urban Services Area. This is the designation approved this past spring. Pages 62-63 state:

Industrial Expansion Areas. In further supporting the community’s goal for economic expansion, additional industrial uses are needed. Expansion areas are recommended for both private sector activities and ISU Research Park activities. It is recommended that the New Lands area provide the base for the community’s industrial expansion.

Planned Industrial. It is recommended that much of the new industrial uses be associated with planned industrial parks. These planned industrial parks should be located in conjunction with a limited - access highway. A limited- access highway location provides adequate ingress and egress for the regional - scale activities without imposing the associated extraneous traffic on the community’s internal traffic system.

Uses. All future large-scale industrial activities should be located in planned industrial parks. Locating large-scale activities in parks assures adequate land area, access, utilities provisions and environmental controls. The park locations also assure that appearances are compatible with the community’s entries along which planned industrial locations are recommended.

Location. The interchange of Interstate 35 and 13th Street is recommended as the primary location for planned industrial. A site of 150 to 175 acres in the southeast quadrant of the interchange is the most suitable site. In addition, two smaller sites totaling 75 to 100 acres on the east side of the Airport and near the Research Park are recommended.

This portion of the LUPP denotes I-35 and 13th Street as a recommended site. This was consistent with the development that was to have occurred with the proposed regional mall. However, since the withdrawal of the developer from that plan, the focus is now on the Lincoln Highway corridor for the reasons noted above. The land along 13th Street is still available for future needs.

Subsequent to the adoption of the Land Use Policy Plan in 1997, the City completed an east industrial analysis in 1998. The study looked at about 3,100 acres east of Interstate 35 to determine suitability for industrial development. The study identified impacts on utilities and transportation, proposed industrial zoning, and concluded that the annexation and development was feasible.

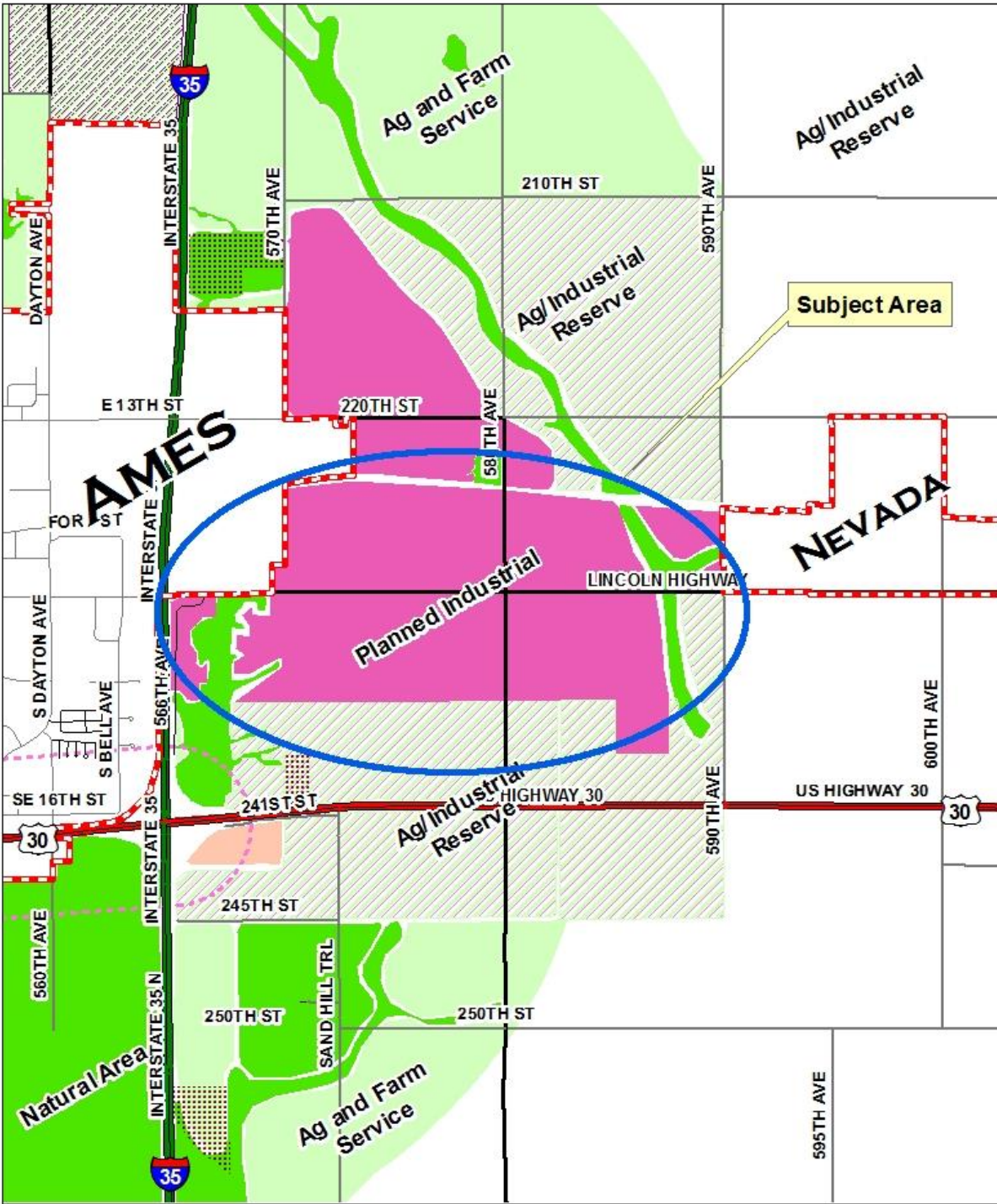
A follow-up study in 2002 recognized that the Barilla America consumed all the industrial land east of the interstate and that preparation should start for replacement land. It noted that additional industrial land was needed to accommodate expected population growth, that the ISU Research Park cannot be used for general manufacturing uses, and that existing industrial sites are too small to accommodate large industrial growth. These shortcomings remain today.

The recent amendments to the Ames Urban Fringe Plan recognized the benefits of a Planned Industrial designation for future industrial expansion east of the City. **The primary attributes that make this area desirable for industrial use are access to the railroad, access to highways, relatively flat land, ability to extend infrastructure to serve development, and large tracts of land under single ownership control.**

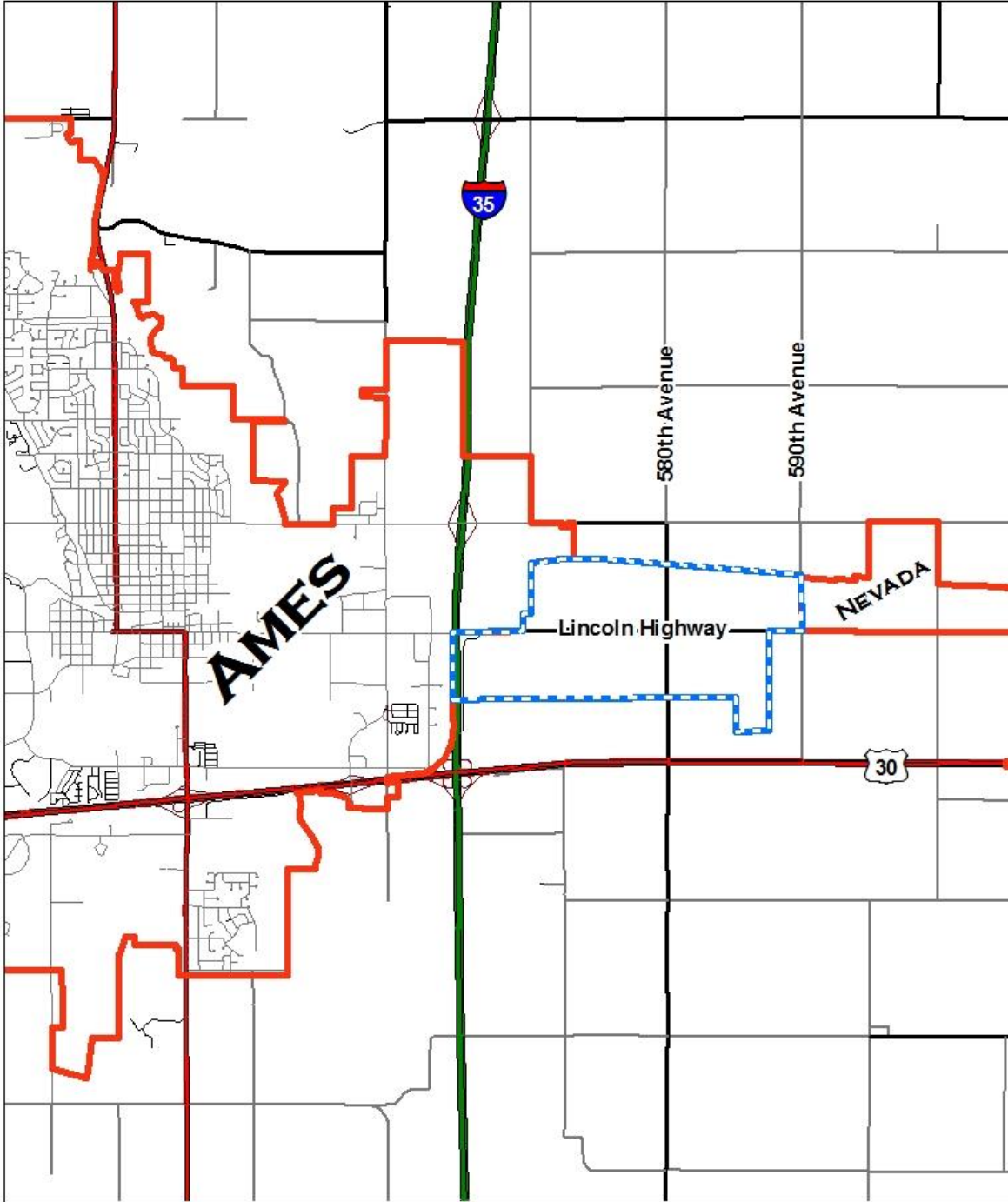
Annexation Moratorium with Nevada

In 2010, Nevada annexed the land where the DuPont ethanol plant is currently located, just east of 590th Avenue. Following that annexation, the Cities of Ames and Nevada entered into an agreement establishing a moratorium line at 590th Avenue. For ten years following the adoption of that agreement, Nevada would not annex anything west of 590th Avenue and the City of Ames would not annex anything east. This proposed annexation is consistent with that agreement.

ATTACHMENT 1
AMES URBAN FRINGE PLAN MAP [EXCERPT]



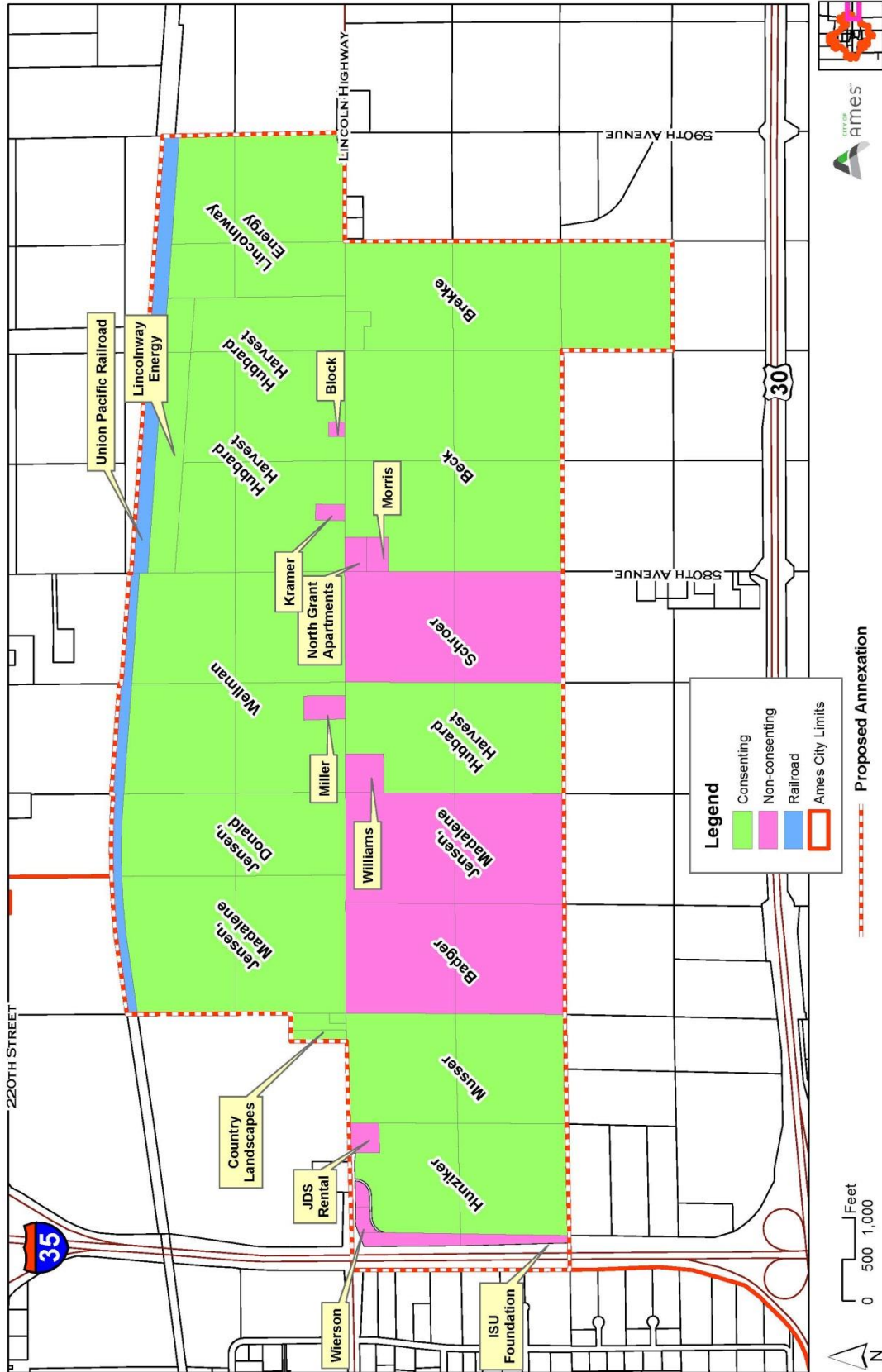
ATTACHMENT 2
PROPOSED ANNEXATION



Proposed Annexation



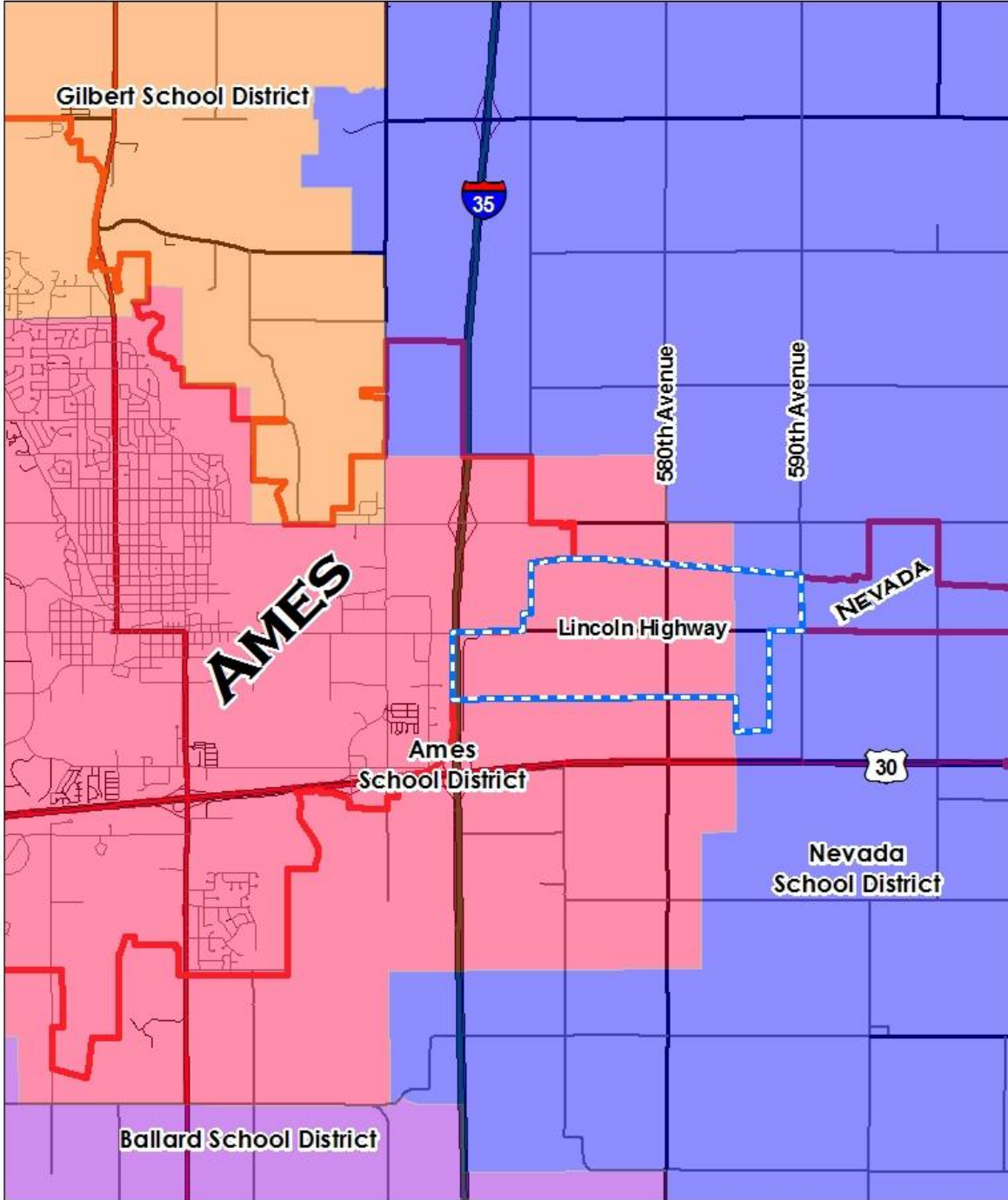
ATTACHMENT 3 OWNERSHIP MAP [NORTH TO THE LEFT]



**ATTACHMENT 4
OWNERS, ACREAGES & CONSENT STATUS**

Name	# of Parcels	Total Acres	Consenting
Badger, Micheal	2	80.00	No
Beck, Judd	4	155.00	Yes
Block, Justin	1	0.80	No
Brekke, Randy	3	116.21	Yes
Brekke, Randy and Suzanne	1	2.79	Yes
Country Landscapes	3	4.84	Yes
Hubbard Harvest, LLC	7	198.30	Yes
Hunziker, Erben and Margaret Apts, LLC	2	73.20	Yes
ISU Achievement Foundation	1	4.04	No
JDS Rental Properties, LLC	1	2.97	No
Jensen, Donald	2	62.99	Yes
Jensen, Ivan and Madalene	2	78.49	No
Jensen, Ivan and Madalene	2	68.59	Yes
Kramer, Dwight and Zoeann	1	1.57	No
Lincolnway Energy LLC	6	117.90	Yes
Miller, Malcom and Nancy	1	3.00	No
Morris, Cheryl and Danny	1	2.50	No
Musser, Virginia Revoc Trust	2	80.00	Yes
North Grant Apartments LLC	1	2.50	No
Schroer, Janice Revoc Trust	2	80.00	No
Wellman, Paul Trustee	4	152.29	Yes
Wierson, Gayland and Janice	3	5.98	No
Williams, Christopher	1	5.00	No
Totals	53	1,349.63	

ATTACHMENT 5
SCHOOL DISTRICTS



Proposed Annexation



**ATTACHMENT 6
COUNTY RESOLUTION OF SUPPORT [W/O ATTACHMENTS]**

I Instrument:2016- 00009934
M Date:Oct 05,2016 12:15:13P
D Rec Fee: .00 E-Com Fee: .00
G Aud Fee: .00 Trans Tax: .00
R Rec Management Fee: .00
Non-Standard Page Fee: .00
Filed for record in Story County, Iowa
Stacie L. Herridge, County Recorder

DO NOT WRITE IN THE SPACE ABOVE, RESERVED FOR RECORDER
Prepared by Jerry L. Moore, Story County Planning & Development Department, 900 6th St., Nevada, Iowa 50201 515-382-7245

Please return to:
Auditor

**STORY COUNTY IOWA
RESOLUTION OF THE BOARD OF SUPERVISORS
RESOLUTION NO. 17-32**

WHEREAS, there has been submitted to the Board of Supervisors for Story County, Iowa, copies a Voluntary Annexation application from the City of Ames; and

WHEREAS, nine separate consenting property owners representing 36 parcels submitted a Voluntary Annexation application that includes 1082.78 acres and 12 other nonconsenting property owners representing 17 additional parcels are included in the Voluntary Annexation; all located in Story County and comprising 1349.63 acres for the annexation as identified below, and;

Applicants	Number of Parcels	Total Acres
9 Consenting	36	1082.78
12 Nonconsenting	17	266.85
21 Total	53 Total	1349.63

See Attachment C for details

WHEREAS, the boundary of these parcels are described as shown on Attachment "A"; and

WHEREAS, Attachment "B" is a map that illustrates the total territory (identified as proposed annexation) for which the City of Ames is contemplating annexation; and

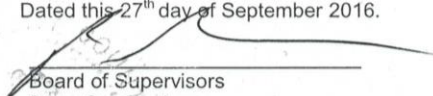
WHEREAS, Attachment "C" is a graph that illustrates details about the consenting and nonconsenting property owners and the acres of the total territory of the proposed annexation; and


WHEREAS, the members of this Board of Supervisors supports the said Voluntary Annexation application.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Story County, Iowa, that its records shall reflect that the Board of Supervisors supports the proposed annexation, and

BE IT FURTHER RESOLVED that a copy of this Resolution shall be forwarded to the City Clerk of the City of Ames, Iowa.

Dated this 27th day of September 2016.


Board of Supervisors
Story County, Iowa


County Auditor
Story County, Iowa

Moved by: Chitty
Seconded by: Sanders
Voting Aye: Chitty, Sanders
Voting Nay: None
Absent: Wayne E. Clinton

Chairperson declared this Resolution: **ADOPTED AND APPROVED.**