

**COUNCIL ACTION FORM**

**SUBJECT: RELEASE OF ASSESSMENT AND UTILITY CONNECTION FEE OBLIGATION FOR LOT 21 IN EASTGATE SUBDIVISION AND EXTENSION OF COVENANTS FOR REMAINING LOTS**

**BACKGROUND:**

Lot 21 in Eastgate Subdivision was recently sold for development. In 1998, the original Eastgate developer signed a Development Agreement promising payment for improvements to roads and utilities in the Subdivision. The development was then the subject of a bankruptcy proceeding; and in 2001, the City entered into a covenant that modified the owner's public infrastructure obligations. The property was ultimately acquired by First National Bank through the bankruptcy proceeding.

The covenant requires payment to the City for the estimated costs of widening Dayton Avenue for a turn lane and for connections to water and sewer service. This payment is to be made upon the sale or transfer of each lot. The covenant prorates the amount owed for each lot on the basis of the lot's land area. In 2005, First National Bank paid the outstanding utility tapping fees owed on the lots, leaving only the road widening assessment outstanding. **Per the schedule of fees owed to the City, \$6,930 was owed for Lot 21. That amount has now been paid to the City of Ames, and release is necessary so that the purchasers of the lot can close on the properties.**

There remain five (5) lots in Eastgate Subdivision with assessment liens outstanding. The covenants are set to expire in the year 2022, and Council is authorized under the original agreement to extend the covenants for another 21 year period by the filing of a verified claim as provided by the Iowa Code.

**ALTERNATIVES:**

1. Accept payment as above-noted and authorize the Release of Assessment and Utility Connection Fee Obligation for Lot 21 in Eastgate Subdivision and authorize the filing of a verified claim to extend the original covenants prior to their expiration.
2. Do not accept payment and do not authorize the Releases.

**MANAGER'S RECOMMENDED ACTION:**

The Developer's Agreement and covenant on this property requires payment for road widening costs upon the sale or transfer of lots. The buyers of Lot 21 in Eastgate Subdivision have now remitted payment in the required amounts to the City. It is the

further recommended that Council extend the original covenants prior to their expiration in four years.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative No. 1 as described above.