

COUNCIL ACTION FORM

SUBJECT: WATER MAIN CONNECTION FEE AT 3520 SOUTH RIVERSIDE DRIVE

BACKGROUND:

The upcoming Iowa State University Research Park Phase (ISURP) IV improvements project includes the extension of water main along the east side of South Riverside Drive from the intersection of Collaboration Place to approximately 800 feet south. **In January 2018, the City Council referred a letter from Gary and Kathy May, owners of 3520 South Riverside Drive, requesting to connect to that extended water main after it has been installed along the west side of their property** (see map – Attachment A).

Typically, a connection fee of \$20.00 per linear foot (\$20/LF) of property frontage is charged, per Appendix F of the Municipal Code. This fee is intended to help recover City costs for the installation of a public water main and the fee is updated periodically. **In this case, the water main extension will be 50% funded by an Economic Development Administration (EDA) grant**, with the other 50% to be recovered over time from property taxes paid by the ISURP property owners through a TIF financing arrangement.

The May property frontage is 320 feet, which would result in a standard connection fee of \$6,400. The Mays are requesting that the Council consider an alternative, reduced connection fee.

Another alternative that has been utilized in the past, is applying a reduction of the lot frontage width to be used in the connection fee calculation. **For example, an agreement dated 12/30/13 for the annexation of the Frame property in north Ames approved a connection fee based on a typical urban lot frontage of 80 feet as opposed to their actual lot frontage length.**

When the area of ISURP currently under development was annexed in 2014, the May property was included in that action. A staff report on water and sewer connections was present to City Council at that time. The staff recommendation was to use the 80 feet frontage method, as noted above. Council discussed the issue, but ultimately made no motion and gave no direction to staff on the preferred connection fee calculation method.

ALTERNATIVES:

1. Charge a connection fee at the standard rate found in the Municipal Code of \$20.00 per linear foot of actual property frontage, resulting in a total cost of \$20/linear foot x 320 feet = \$6,400.

2. Reduce the standard rate by 50% to account for the 50% EDA grant funding of the water main installation, resulting in a total cost of \$10/linear foot x 320 feet = \$3,200.
3. Use a typical urban lot frontage width of 80 feet at the Council approved rate, resulting in a total cost of \$20/linear foot x 80 feet = \$1,600.
4. Use a typical urban lot frontage width of 80 feet and reduce the standard rate by 50% to account for the 50% EDA grant funding of the water main installation, resulting in a total cost of \$10/linear foot x 80 feet = \$800.
5. Charge a connection fee based on a method other than any one of the options listed above, as directed by the City Council.

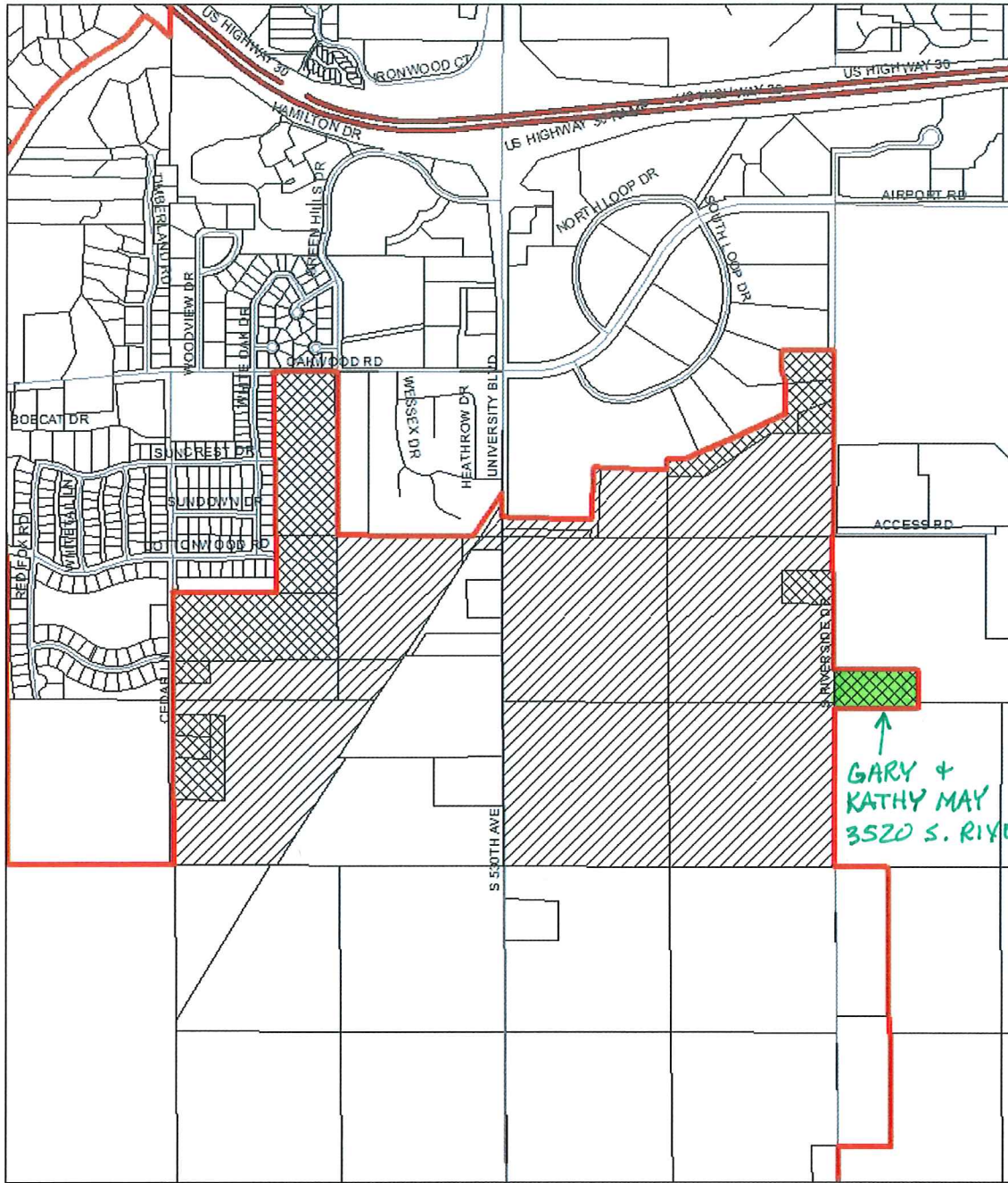
MANGER'S RECOMMENDED ACTION:

The ISU Research Park Phase IV improvements project is anticipated to begin in the Summer of 2019, which will include installing new water main adjacent to the May property. Five years prior, in 2014, staff presented a report to City Council on water and sewer connection fees, recommending that a standard urban lot width of 80 feet be used to calculate the fees. The May's were a non-consenting private homeowner brought in with the annexation of ISU Research Park. The 80 feet frontage adjustment was used in similar situations on Grant (Hyde) Avenue with the north annexation.

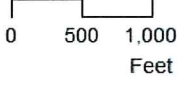
The general purpose of the connect fee is to recover standard installation expenses for projects funded through the water utility. **Because this project will be 50% funded by the EDA grant and the 80' method was previously used in similar situations, it seems reasonable that City Council may choose Alternative 4.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 4, as noted above.




ATTACHMENT A: LOCATION MAP



GARY +
KATHY MAY
3520 S. RIVERSIDE DR.



Legend

-  AMES INCORPORATED LIMITS
-  Consenting
-  Non-consenting

