

ITEM #: 44
DATE: 03-24-26
DEPT: P&H

COUNCIL ACTION FORM

SUBJECT: DEVELOPMENT AGREEMENT OUTLINE FOR AUBURN TRAIL

BACKGROUND:

At the December 16, 2025, City Council meeting, the City Council reviewed requested development incentives for five different projects. The City Council reviewed three options for financial assistance for each project and directed staff to work with developers to define project outlines utilizing the levels of funding described as "Option 3" in the December 16 report.

The City Council specifically asked staff to go back to the individual developers and gather more detail about the proposed timing, type, and amount of development that could occur within the next three years. Once City Council had a more detailed understanding of each development proposal in relation to Option 3 incentives, the City Council could give final direction to proceed with individual development agreements.

The Auburn Trail project is located in north Ames along Hyde Avenue. The owner is in the process of updating the Master Plan for the site in order to proceed with a preliminary plat for development of single family home lots this spring. The rezoning and Master Plan update are on the March 24 agenda.

The site is subject to two previous development agreements that address uses, Hyde street assessment, water and sewer connection fees, Hyde Avenue shared use path, water territory buyout, traffic signal fee, and other related development requirements.

The City Council originally received a request for incentives from the developer related to cost savings estimated at \$486,000. The Option 3 incentive from December included an assumption that the City would negotiate a lower Xenia Rural Water territory buyout fee as part of a broader water service agreement to save costs for the developer's buyout of territory. Additionally, the City would directly take on the construction of the Hyde Avenue shared use path across the site frontage, waive collection of \$106,000 traffic signal fee, and to waive water and sewer connection fees for the first 50 homes developed in the first phase.

The Xenia Water buyout reduction is still pending review of a final water purchase agreement, but it likely to be lowered from \$4,000 described in December to \$3,000 an acre, an even greater savings for the developer. The other three items related directly to the City have an estimated total value of \$486,000 in terms of direct construction costs for the path and waived collection of certain fees.

Staff outlined to the developer the need to address first phase approval of the project to coordinate the project with incentives described in December. Staff and the developer have agreed on the following terms for a development agreement.

Developer Commitments

1. Complete a final plat for first phase of development with at least 50 lots in 2026.]
2. Development of Single-Family Detached Housing (owner or renter, no restrictions).
3. The first phase of development shall include the extension of the collector street (Tilden) from Hyde into the site to the first internal road connection of the preliminary plat.
4. The Tilden extension shall include all shared use path and sidewalk improvements within the ROW width of Tilden, including the Hyde Avenue Shared Use Path crossing of Tilden as part of its construction. The Hyde path crossing improvements shall extend to the edge of the Tilden ROW or as otherwise agreed upon by the Municipal Engineer as the transition point to the City improvements.
5. The remaining Hyde Avenue path improvements are the responsibility of the City, see below.
6. Developer completes all road, street, other public improvements not otherwise listed as City responsibilities below at their cost.
7. Developer completes Xenia Territory Buyout at their cost (Assumption of a reduced Xenia buyout figure of \$3,000/acre)
8. Developer provides easements requested by the City at no cost to the City, to be included with platting documents.
9. Developer makes all assessment and connection fee payments as required for roads, water, and sanitary sewer, unless an alternative schedule is approved by Council, see below.

City Commitments

1. Hyde Avenue frontage improvements for paving a shared use path are the responsibility of the City, with the exception of the crossing of Tilden described above.
2. At the time of Final Plat approval for the first phase that meets the parameters above, the City will waive the collection of the Traffic Impact fee for the whole of the development (est. \$106,000).
3. All connection fees shall be charged at rates adopted within the Ames Municipal Code Appendix W for Parcels 1 and 16 and calculated and collected in relation to platting of Parcel 16. (Estimated total of 76.59 acres gross)
Note- Estimated Total Connections Fees at 2025 Rates: Water \$128,955 and Sewer \$353,730
4. Connection fees shall be collected with each final plat approval per Chapter 28 of the Ames Municipal Code as an alternative schedule approved by City Council rather than

the payoff of all connection fees with the first phase.

5. Water and Sewer Connection fees for the first phase of development shall be reduced as an economic development incentive calculated on a pro-rata basis for the first 50 home lots of 181 unit development at maximum one-time dollar amount of \$133,338 at 2025 rates. However, the Connection Fee waiver amount will be reduced by \$1,000 per acre for the first phase in recognition of the additional Xenia Water Territory benefit. All fees for the first phase will be recalculated based upon Appendix W at the time of payment if payment is after July 1, 2026.
6. Any required connection fees for the first phase, calculated by acres, in excess of the credit shall be paid with the first final plat. All subsequent phases and final plats shall make payments in accordance with the established fees of Appendix W.
7. City Council reserves the right to require all remaining connection fees for future phases when less than 10% (7 acres) acres of Parcel 16 remain for development.

FUNDING:

Rather than contributing cash, the City is primarily forgoing the future collection of traffic fees, water connection fees, and sewer connections fees. This impacts future revenues for Road Use Tax, Water Utility, and Sewer Utility funds. The City will have a direct expense related to the construction of the Hyde Avenue shared use path estimated at approximately \$250,000 for this segment of the project. The shared use path project is tentatively planned for FY 2027-28 and funded by ARPA funds.

ALTERNATIVES:

1. Direct staff to prepare amendments to the existing development agreements for City Council approval prior to the first final plat of Auburn Trail in order to designate developer and City commitments for incentives as described above.
2. Direct staff to amend a development agreement with different requirements than described above.
3. Take no action on the request.

CITY MANAGER'S RECOMMENDED ACTION:

The development outline presented above makes obligations and timing clearer than the December discussion. The developer desires to plat standard single-family home lots for the Auburn Trail subdivision. The overall project is estimated to consist of total of 181 lots. The first phase will include at least 50 lots in 2026 per the terms of the development incentives described above.

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

ATTACHMENT(S):

[Location Map](#)