

★ Roll Call Number

Agenda Item Number

46

Date January 7, 2008

Request to speak from Ted Grob, Savannah Homes, 800 50th Street, West Des Moines, to speak regarding Silver Leaf PUD, 5100 NE 38th Avenue.

Moved by _____ to receive and file comments.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				
MOTION CARRIED			APPROVED	
_____ Mayor				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

_____ City Clerk

December 27, 2007

The Honorable Mayor
and
Members of the City Council

Re: Roll Call 07-1662 – 07-1665 Review of issues around street width, overall design, and sewer and water fees related to the rezoning request for property at 5100 NE 38th Street.

Dear Members of the City Council:

At the August 20, 2007 City Council meeting, you requested follow-up on issues that were presented regarding the rezoning and development of property at 5100 NE 38th Street (Douglas Avenue).

Staff has evaluated the developer's requests to reduce the cost of development in Des Moines and specifically the proposed Silver Leaf Planned Unit Development.

Sanitary Sewer Connection Fee

The developer has requested a waiver or reduction of the Four Mile East Area sanitary sewer connection fee for the subject property. Currently, the City of Des Moines fronts the financing for sanitary sewer extensions into new areas by using a benefited area connection fee. The sanitary sewer enterprise pays for the sewer extensions and then the developer reimburses the enterprise based upon the acres of land developed. This system allows the developer to only pay for the portion of the sewer work necessary for their development instead of the first developer paying all the costs to bring the completed line into their development. It also allows reimbursements to the current rate payers for the sewer costs so that existing homeowners are not subsidizing the newer developments.

To date the sanitary sewer enterprise has up fronted \$19.8 million of sanitary sewer extension and has recovered approximately \$2.0 million dollars through connection fees. The sanitary sewer connection fee for the Silver Leaf PUD area is \$2,360 per acre of land. If this connection fee is eliminated, the sanitary sewer enterprise will have to significantly raise its rates to cover the cost of existing extensions.

Every metro community that has a trunk sewer connection fee program has a slightly different way to apply the fee. (See attached chart) The sewer connection fee for Mr. Grob's development is considerably less than many developments in other communities.



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2003

The City of Ankeny has four existing connection fee areas like those in the City of Des Moines and plans additional areas. The current sanitary sewer connection fees in Ankeny range from \$1711/acre to \$2600/acre. Other jurisdictions, such as Norwalk, Altoona, and Pleasant Hill have a connection fee that is applied across the entire city. However, it is the staff's opinion that this type of fee may not be defensible in court under the current Iowa law since the fee may not be tied to a specific capital expenditure and assigned to a specific district.

Those communities that do not have a connection fee program require the developers to install the trunk sewers as a cost to be absorbed by the development as a preferred method. All of the cities may also use the special assessment process to fund the construction in lieu of connection fees. However, staff believes that the special assessment programs have several shortcomings related to funding trunk sewer construction. Under the current state law there are limits on how much can be assessed to undeveloped properties and provisions that defer assessments on agricultural use properties. These factors shift the ultimate cost of the trunk sewer onto the existing rate payers and provide no way to recover the deferments after the end of the assessment period. These factors can also have a negative affect on promoting the development of the property since the assessments must be paid at the time the property is sold. Finally, these factors can cause the delay of the development beyond the end of the assessment period which can be ten to fifteen years.

For these reasons, staff does not recommend a waiver or reduction of the Four Mile East area sanitary sewer connection fee for the Silver Leaf PUD.

Water System Extension Costs and System Development Fee

The current Des Moines Waterworks policy is that the first developer in a new area pays for the cost of extending a water trunk line to and through their development. While Mr. Grob would not be reimbursed for the cost of extending the water main from its existing terminus to and through the Silver Leaf PUD, Mr. Grob is also not responsible for reimbursing previous developers that extended the water main to its current location.

The City of Des Moines could request that Des Moines Waterworks change their policy to allow recovery of cost in some fashion or a benefited area connection fee like the City does for sewer districts.

However, Waterworks has opposed a change in their policy in the past due to high administrative costs.

Per the schedule of charges on the Des Moines Water Works website, a system development fee funds on-going water distribution system maintenance (i.e replacement of broken water mains in the system over time) for distribution systems owned and maintained by DMWW. The developer is essentially responsible for extending 8" water main through their development and then is charged a system development fee based upon the size of each tap made onto those water mains. Effective May 1, 2007 the system development fee for a 1" residential tap to a distribution system owned and maintained by the DMWW (by jurisdiction) is as follows:

Des Moines	\$ 335
Pleasant Hill	\$1,200
Cumming	\$2,845
Alleman	\$2,000
Unincorporated Polk County	\$1,500

The City of Ankeny purchases water from the Des Moines Water Works but owns and maintains its own distribution system. Therefore, it sets its own fees. According to Randy Beavers at the DMWW, Ankeny charges a connection fee ranging from \$50 to \$150 per unit depending on the number of dwelling units applied for. Ankeny also charges a \$240 meter fee for each new connection (\$290 to \$390 total). Ankeny also has special district fees in some parts of their city of \$3,000 per acre. Ankeny also is in the process of making substantial water system improvements so their water rates and fees and charges are certain to increase to pay for them.

Potential Cost Reductions for Silver Leaf PUD

Staff has identified potential savings and cost reductions within the Silver Leaf PUD, including the following:

- Reduce the width of east / west collector street from 31-feet of pavement width to 26-feet of pavement width (estimated savings of approximately \$25K additional property available for lots).
- Eliminate the round-about on the east side of the development proposal (estimated savings of approximately \$15K to \$20K).

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- Eliminate the proposed alleys (would require all lots to provide detached or attached garages accessed from the public street).
- Reduce the amount of stormsewer in the project by implementing "green" stormwater management techniques for roof and footing drains.

These potential cost savings are in addition to the concessions the Plan and Zoning Commission already recommended, including 50' lot widths (rather than the minimum required 60'), and eliminating the requirement for garages on lots that are served by private alleys.

Summary

While there may be differences in individual fees or methods of collection among the metro jurisdictions, staff believes that the overall costs of development in the City of Des Moines are no greater than the costs to develop in other jurisdictions, especially when tax abatement is factored in the equation. The value of tax abatement offered by the City of Des Moines cannot be dismissed. The non-discounted value of 5-year, 100% tax abatement by the City of Des Moines for the 120 residential dwellings in the Silver Leaf PUD is estimated at \$1.92 million (based on the estimated \$180K sale prices listed on the PUD submittal). The next highest residential tax abatement in the Des Moines metro is offered by the City of Ankeny which offers a 10-year declining schedule tax abatement. The non-discounted value of tax abatement for a 120 unit development with a \$180K per unit sales price is approximately \$1.44 million. No residential tax abatement is offered in Clive, Windsor Heights, West Des Moines, Johnston or Urbandale.

Please let me know if I can provide additional information.

Yours truly,



Richard A. Clark
City Manager

RAC/mlw

Cc: Larry Hulse, Community Development Director
Jeb Brewer, City Engineer
Roger Brown, City Attorney
Ted Grob, Savannah Homes, Inc.

Connection Fees Related to Sanitary Trunk Sewers in the Metro Area

Ankeny Sewer Connection Fees adopted by Code:	Current Connection Fee
1. Oralabor Road Lift Station and Trunk Sewer Conn District 1	\$2,600/Ac
2. SE Four Mile Drive Sewer Connection District 1	\$2,105/Ac
3. Rock Creek Trunk Sewer Connection District 1	\$2,350/Ac
4. Otter Creek Sewer Connection Fee District 1	\$1,711/Ac
5. North Four Mile Sanitary Sewer Connection District 1 (Not Final)	\$2,400/Ac
6. Deer Creek Sanitary Sewer Connection District 1 (Not Final)	\$2,230/Ac
7. Crosswinds Sanitary Sewer Connection District 1 (Not Final)	\$1,780/Ac
West Des Moines Connection Fee Districts	
South Service Area Sanitary Sewer Connection District	\$3,920/Ac
Southwest Service Area Sanitary Sewer Connection District	\$3,310/Ac
Waukee Connection Fee Districts	
Wastewater Treatment Connection Fee	\$1,720 / Household Unit
University Ave Trunk Sanitary Sewer Connection Fee District # 1	\$1,252.72/Ac Or \$1,474.50/1000gal/day for Peak Flow
University Ave Trunk Sanitary Sewer Connection Fee District # 2	\$4,508.81/Ac Or \$5,306.19/1000gal/day for Peak Flow
University Ave Trunk Sanitary Sewer Connection Fee District # 3	\$8,688.35/Ac
University Ave Trunk Sanitary Sewer Connection Fee District # 4	\$1,252.72/Ac Or \$1,474.50/1000gal/day for Peak Flow
University Ave Trunk Sanitary Sewer Connection Fee District # 5	\$1,252.72/Ac Or \$1,474.50/1000gal/day for Peak Flow
Hickman Trunk Sanitary Sewer District 2001	\$3,430.05/Ac
Sugar Creek Pump Station Connection Fee District	\$3,330.63/Ac
R22 Trunk Sanitary Sewer Connection Fee District Zone 1	\$3,411.46/Ac
R22 Trunk Sanitary Sewer Connection Fee District Zone 2	\$11,032.64/Ac
Altoona Connection Fee Districts	
City-Wide Sanitary Sewer Connection	\$300 /lot to Developer
West Side Sanitary Sewer Connection Fee District	\$3,270/Ac
Southeast Side Sanitary Sewer Connection Fee District	\$3,150/Ac
South Side Sanitary Sewer Connection Fee District	\$3,100/Ac

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Johnston Connection Fee Districts

Beaver Drive Sanitary Sewer Connection Fee District	\$909.70/Ac
NW Beaver Drive Sanitary Sewer Connection Fee District	\$260/Ac plus \$33/Linear Feet of Frontage
NW 66th Avenue Sanitary Sewer Connection Fee District	\$28/Linear Feet of Frontage
Northwest Area Sanitary Sewer Connection Fee District	\$2,400/Ac plus \$33/Linear Feet of Frontage

Pleasant Hill Connection Fee Districts

City-Wide Sanitary Sewer Connection	\$250 / 4-inch and \$300 / 6-inch Service
Phase 1 Eastern Trunk Sanitary Sewer Connection Fee District	\$3,100/Ac
Phase 2 Eastern Trunk Sanitary Sewer Connection Fee District	\$1,725/Ac plus \$41/Linear Feet of Frontage

Clive Connection Fee Districts

None (The developer has to extend the sewer as a cost of development)

Norwalk Connection Fee Districts

North River Service Area Sanitary Sewer Connection District	\$2,475/Ac
City-Wide Sanitary Sewer and Water Connection	\$200 /lot to Developer plus \$200 /lot to Builder

Ames Connection Fee Districts

None (The developer has to extend the sewer as a cost of development)

Newton Connection Fee Districts

South Central Sanitary Sewer Connection Fee District	\$2,010 / Single Family Equivalent
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Des Moines Connection Fee Districts

Fourmile East Trunk Area	\$2,360/Ac
Easter Lake/Payton Ave Trunk Area	\$3,637/Ac
Northwest Airport Trunk Area	\$2,811/Ac
Southwest Airport Trunk Area	\$2,834/Ac
Southeast Airport Trunk Area	\$4,303/Ac
Northeast Fourmile Trunk Area	\$3,048/Ac
Southeast Ridge Trunk Area (Costs Have Not Been Finalized)	\$3,297/Ac
Clover Hill Trunk Area (Costs Have Not Been Finalized)	\$3,410/Ac