



## MAYOR & COUNCIL COMMUNICATION

**DATE:** February 24, 2015

**CONSENT**

**ITEM #** 12

**AGENDA ITEM:** Hammes Estates 1<sup>st</sup> Addition Residential Subdivision – Amendment of Approved Developer’s Agreement

**SUBMITTED BY:** Nick M. Johnson, City Planner

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Jack Griffin, City Engineer  
Dave Snyder, City Attorney  
Kyle Klatt, Community Development Director  
Cathy Bendel, Finance Director

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**SUGGESTED ORDER OF BUSINESS (if removed from the Consent Agenda):**

- Introduction of Item .....Community Development Director
- Report/Presentation.....Community Development Director
- Questions from Council to Staff ..... Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECCOMENDER:** Staff is recommending that the City Council approve an amendment to the approved Hammes Estates 1<sup>st</sup> Addition Development Agreement. The requested amendments would incorporate the necessary City payments for the oversizing of watermain within the development, as well as increase the number of permitted model homes from 4 to 5 at the request of the developer.

**FISCAL IMPACT:** \$50,045.00 (estimated). Upon acceptance of the public improvements for the development, the City would need to pay an estimated amount of \$50,045 for the oversizing of watermain from 8-inch to 12”inch. The oversizing credit would be paid from the City’s water enterprise fund.

**SUMMARY AND ACTION REQUESTED:** The City Council is being asked to approve amendments to the approved Development Agreement for the Hammes Estates 1<sup>st</sup> Addition residential subdivision as part of the Consent Agenda. The requested amendments include adding the provisions for the City payment of watermain oversizing, which was not addressed in the

previously approved agreement. In addition, the developer is requesting to increase the number of model homes permitted from four homes to five. Should the requested action be removed from the Consent Agenda, the motion to take the recommended action on the request is as follows:

***“Move to adopt Resolution No. 2015-09, approving the requested amendments to the approved Development Agreement for the Hammes Estates 1<sup>st</sup> Addition residential subdivision.”***

### **LEGISLATIVE HISTORY/STAFF REPORT:**

The Hammes Estates 1<sup>st</sup> Addition residential subdivision Final Plat was approved on October 7, 2014. In addition to the Final Plat, the Development Agreement for Hammes Estates 1<sup>st</sup> Addition was also approved on the same date. The resolutions of approval of these two actions can be found in Attachments #5 and #6. When the original Development Agreement was approved, it did not account for the necessary oversizing of watermain within the Hammes Estates residential development. Upon completion and acceptance of the public improvements, the City would be responsible to pay a credit to the landowner/developer for the installation of oversized watermain. The proposed amendments to the approved Development Agreement are directly related to the payment of the watermain oversizing credit.

Oversizing of City utilities within private developments is a common practice necessary to provide adequate sewer, water or storm sewer service to a broader area. In the case of watermain, the locations of oversized pipe are based on modeling of the City’s entire water system to determine where oversizing of pipe and other infrastructure upgrades are necessary to optimize the performance of the overall system. More specifically, providing adequate flow and water pressure in different areas of the City requires that certain segments be oversized to provide optimal service. In terms of the oversizing credit, a typical residential subdivision can be served by 8-inch watermain. However, in certain locations, the City’s water system may require a 12-inch watermain to be installed. In this case, the oversizing credit owed to the developer would be for the increased cost of oversizing an 8-inch watermain to a 12-inch watermain. This methodology is a widely accepted practice to determine oversizing credits. In the case of Hammes Estates 1<sup>st</sup> Addition, it was determined that the cost of the oversized watermain and supporting structures/material result in an oversizing credit of \$50,045.00. This estimated cost is submitted by the developer’s engineer, and then reviewed by the City Engineer. The estimated oversizing cost, the review by the City Engineer, and location of the watermain oversizing is in Attachment #3. In addition, the oversizing costs are also found in Exhibit B of the proposed Development Agreement (Attachment #2). It should also be noted that the amendment to the approved Development Agreement specifies that the City will pay the actual costs of construction for the oversizing. The \$50,045.00 oversizing reimbursement is an estimate at this time. Finally, please note that the developer’s engineer’s estimate (Attachment #3) included a slight calculation error in the oversizing cost of watermain. The correct calculation is reflected in Exhibit B of the Development Agreement.

In addition to the oversizing of the watermain, the proposed amendments to the Development Agreement also increase the number of model homes allowed from 4 homes to 5 model homes.

This request has been submitted by the developer (Attachment #4). The reason for this request is that the proposed residential subdivision will include homes built by 5 different home builders. According to the developer, 4 custom builders will participate in Hammes Estates in addition to Ryland Homes. The reason they would like to increase the number of model homes to 5 is to allow each builder participating in the project to have a model home. Staff has reviewed this request and found the modest increase to be reasonable. Prior to any model homes being constructed, the developers/builders will need to submit as-built grading survey to ensure that the lots meet the approved Grading Plan. In addition, they will need to demonstrate that there is adequate access to the model homes for emergency services. Per the approved Development Agreement, the location of the model lots is subject to the approval of the Community Development Director.

To document the proposed amendments to the Development Agreement, staff has redlined the previously approved version to highlight the proposed changes. In addition to the amendments related to watermain oversizing and model homes, there are some changes related to the review of the document by the City Attorney. These limited changes are a result of review by the agreement by the Attorney and the developer's representation. The developer found all the requested changes by the City Attorney to be acceptable.

#### **STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS:**

**Strengths:** Approval of the proposed amendments to the approved Development Agreement for Hammes Estates 1<sup>st</sup> Addition clarifies the City's responsibility with regards to watermain oversizing. In addition, permitting one additional model home in the development supports the proposed plan of Hammes West, LLC to bring forward a mix of custom home builders to the project.

**Weaknesses:** None

**Opportunities:** With the completion of the amendments to the Development Agreement, the Agreement can be executed and the plat recorded. This would allow for the submission of the necessary City sewer and water fees (SACs and WACs). The developers are hoping to begin utility and street construction in the spring.

**Threats:** 5 model homes as part of the development is the maximum amount that is acceptable. Constructing homes prior to the acceptance of the public improvements can have some elements of risk. However, staff is confident the risk can be mitigated by requiring as-built survey on all model lots and requiring proper access for emergency services should an accident occur while the homes are under construction.

#### **RECOMMENDATION:**

Based on the above Staff Report, Staff is recommending that the City Council approve amendments to the approved Development Agreement for the Hammes Estates 1<sup>st</sup> Addition residential subdivision as part of the Consent Agenda. Should the requested action be removed from the Consent Agenda, the motion to take the recommended action on the request is as follows:

***“Move to adopt Resolution No. 2015-09, approving the requested amendments to the approved Development Agreement for the Hammes Estates 1<sup>st</sup> Addition residential subdivision.”***

**ATTACHMENTS:**

1. Resolution No. 2015-09
2. Hammes Estates Developer’s Agreement – Final Draft w/Proposed Amendments
3. Watermain Oversizing Cost Estimates
4. Developer Request to Increase # of Model Homes
5. Resolution No. 2014-81
6. Resolution No. 2014-82