

DISCUSSION:

A discussion concerning issues relating to the potential annexation of approximately 227 acres of property located generally south of 1500 South, West of Interstate 15, and North of 2000 South.

BACKGROUND:

The unincorporated area west of the City of Orem on the eastern shore of Utah Lake contains approximately 780 acres of land which is currently utilized as agriculture, wetlands, conservation areas, low density residential, and some industrial uses along I-15. There are two railroad lines which run through the area, including the UTA Frontrunner/Union Pacific Railroad and the Denver Rio Grande Railroad. Geneva Road is the major north-south arterial through the area. There is an industrial/business park in the City of Orem on the northern edge of the area, while the southern edge is primarily being developed as single family residences in the City of Provo below 2000 South east of Geneva Road. The eastern edge is bounded by I-15.

The City of Orem has an agreement with the City of Provo to annex all land north of 2000 South. Provo will annex land to the south of this border.

The City held a neighborhood meeting on May 14, 2014 to discuss annexation and development options. Residents were presented three development intensity options (High, Medium, Low) which would determine the amount of density allowed through various land uses and how this would determine impact fees. Most residents in attendance supported a mix between high and medium density. However, there were many who supported a low density development or a no development option. The current impact fee study is based on the high density alternative of 2,601 connections for the entire study area of 303 acres. There are three large tracts of land which cannot be developed at this time: the Clinger Family Farm is currently held in a County Agriculture Protection Overlay; the Cherry Hill Farm is in a conservation easement, and the Taylor property is also in a conservation easement. The removal of these lands from the impact fee area contributes to the need for higher density development (between 10-20 units per acre) to mitigate the impact fees.

Staff has several issues with the potential annexation that may have significant impacts to the city as it relates to initial infrastructure costs, impact fees, and long term maintenance of the infrastructure. These key issues are outlined below.

1. **Impact Fees.** A study conducted by Lewis, Young, Robertson and Burningham, Inc. (LYRB) outlines the impact fees for Culinary Water, Sanitary Sewer, and Storm Water. The water and sewer impact fees are based on a total number of units allowed (2,601 connections) in the study area based on size of the proposed infrastructure, capacity of the existing infrastructure and overall cost. Storm water fees are calculated based on an overall acreage and are assessed a per acre fee. The fees are in the process of being finalized and will be reviewed and discussed in the study session. (Sam Kelly will discuss the final Impact Fee Study) Higher density development (between 10-20 units per acre) is suggested to mitigate the impact fees.
2. **Upfront costs to the City.** Annexation Sponsor, Ryan McDougal, is seeking approval for development soon after annexation. The project is located on the southwest corner of the annexation

which would bring in funds that contribute to the install the needed utilities to the area, but would not cover the cost for all the required improvements. It is estimated that the City would need to cover the additional cost between \$300,000 - \$500,000 per utility (rough estimate depending on allowed densities) to complete the main line connections. The city would be reimbursed over time with additional impact fees paid by development of property in the Impact fee study area. Any new development would be based on the market and could take several years in not longer to occur.

- 3. Gold Key water line upgrade.** The City would need to pay for the needed upgrades to the water line improvements if the Gold Key development is part of a modified annexation petition (Gold Key is not currently part of the petition). The improvement costs are between \$160,000 - \$200,000. However, Utah County expressed disapproval of the proposed annexation due to the creation of a county island between the annexation and the existing western boundary of the City. The County Surveyor, Gary Ratcliffe, expressed in a meeting in June that the County would protest the annexation during the formal protest period (currently underway).

City's Case against the County Island

- Subsection 10-2-418(1)(b) states "Notwithstanding Subsection 10-2-402(1)(b)(iii), a municipality may annex a portion of an unincorporated island or unincorporated peninsula under this section, leaving unincorporated the remainder of the unincorporated island or unincorporated peninsula, if: in adopting the resolution under Subsection (2)(a)(i), the municipal legislative body determines that not annexing the entire unincorporated island or unincorporated peninsula is in the municipality's best interest."
- Recent County-approved annexations in Saratoga Springs, Lehi, and American Fork have demonstrated that the County Surveyor has treated large pieces of unincorporated land bordering Utah Lake as county islands and that these cities have been able to annex portions of that island, as is in their best interest, as stated in the Utah State Code.
- The 780 acres of unincorporated land west of Orem, south of Vineyard, and north of Provo is a similar county island which the City may annex a part of, as is in its best interest.

There are several concerns with allowing Gold Key to be annexed without addressing the following issues: Accessibility- difficult to provide access to the area between the train tracks; Public Safety- Fire Department (which currently provides protection) will not cross inadequate bridge on to property; Water limitations- current water lines do not support fire suppression; Lot sizes do not meet any potential zoning requirements; Limited access on a dead-end road ; The overall properties are in disrepair which may require zoning and other enforcement for cleanup; The County will not share costs for infrastructure upgrades which would be necessary upon annexation; Unreported and unlicensed businesses operating on the properties; and potential building code violations.

- 4. Agricultural Easement Area/Conservation Easement Area:** The Clinger Agriculture Protection Area contains approximately 112 acres that has been excluded from the impact fee study area due to the request from the Clinger family not to be included. State law prohibits the City from annexing an agricultural easement area without the property owner's signatures. During the Neighborhood Meeting held by the city on May 14, 2014 the following comments were received by members of the

Clinger family: “Clinger Family Partnership does not want to annex and will not remove our property from our agricultural protection area. – Elaine Schofield”; “Clinger Family – No! No! No! Annexation into Orem!!!”; “I am against annexation – I am one of the owners of the Clinger property and cannot see any advantage to annexation. I do see problems. I was shocked that your low density housing was 4 units/acre – Sick at what high density meant. – Adele Leavitt”

Infrastructure Costs/Upgrades: Sam Kelly (Orem City Engineer) spoke with the Clinger family in June 2014 to discuss the effects of impact fees and infrastructure upgrades on their properties for future development. Sam explained that if they chose not to be a part of infrastructure upgrades now, they would have to bear the full costs of upgrades if they were to choose to develop in the future. The family expressed no desire to develop, annex, or upgrade at this time.

The currently established conservation easement area (Taylor property) contains 65 acres and is undevelopable. The development rights were sold and the land will be held as open space in perpetuity.

5. **Post-Impact Fee Holding Period.** A ninety (90) day waiting period is required by law once the impact fees are implemented by the city. If the City considers approving the impact fee area and annexing the proposed property staff would recommend a moratorium of at least 90 days to prevent development prior to the implementation of the impact fees. If annexed, staff would recommend a holding zone (OS-5) be placed on the annexed property until a developer requests a different zone through the rezone process. and a rezone process after the ninety day waiting period is completed unless a development agreement is proffered by the applicant.
6. **Process.** If the City Council chooses to move forward with the annexation request the following approvals will need to be addressed:
 1. Adopt the Impact Fee Area for Water, Sewer, and Storm Water (Southwest Area)
 2. Annex the proposed property
 3. Adopt the General Plan for the area
 4. Adopt a holding zone on the property (OS-5 zone)
 5. Place a moratorium on the area for at least 90 days to allow the impact fee area to take effect.
 6. Review rezone application (future meetings)

Additional Information:

Total Area in Annexation 227 acres
Total Private Property 208.136
Total Acreage Owned by Signors 160.256
Percent Owned by Signors 77.0%
Percent Needed for Annexation 51%
Total Value of Property \$11,284,384
Value Owned by Signors \$5,453,984
Percent Value Owned by Signors 48.3%
Percent Needed for Annexation 33%

Process & Timeline of Key Events:

Lakeview Neighborhood Meeting - May 14, 2014

Annexation Petition Submitted - June 6, 2014

Reviewed by County - June 17, 2014

Approved for Consideration by City Council - June 17, 2014

Certified by City Recorder - July 11, 2014

Public Notice and 30 Day Protest Period July 12, 2014 - August 11, 2014

Adopt Impact Fees - August 26, 2014 (*tentative*)

Annexation by City Council - August 26, 2014 (*tentative*)

Adopt General Plan and Rezone to holding zone - - August 26, 2014 (*tentative*)

Approval from County & Lt. Governor - September 2014 (*tentative*)

City Receipt of Articles of Incorporation - September 2014 (*tentative*)

Annexed into City - September 2014 (*tentative*)

Rezoning of annexed properties - December 2014 (*tentative* - 90 days after annexation)

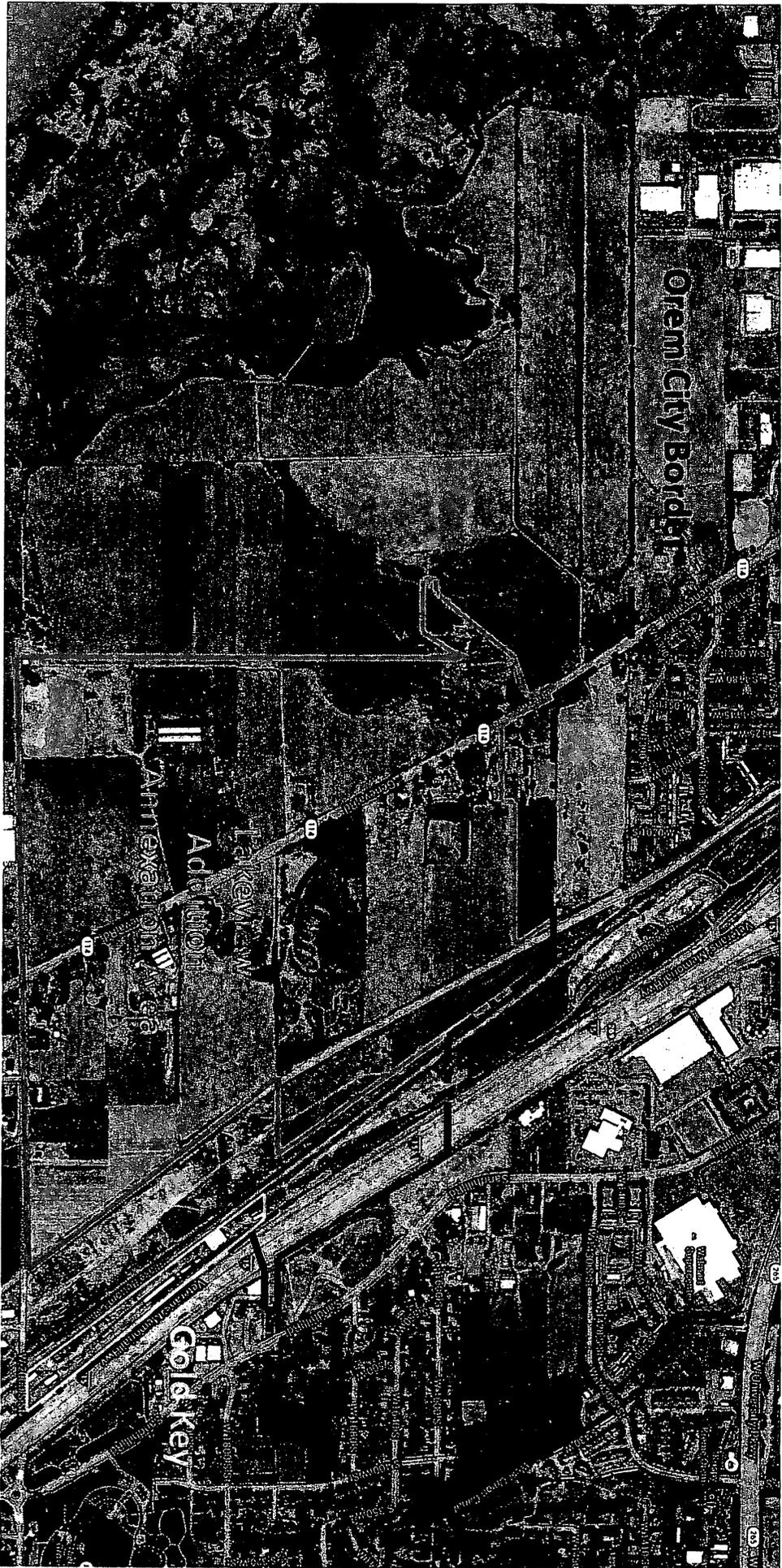
Advantages:

- Some increase in the property tax collected
- Potential for limited commercial development along Geneva Road
- Located within the Annexation Declaration area

Disadvantages:

- Limited increase in sales tax base
- Upfront costs for infrastructure that the city will eventually get back by payment of impact fees
- Added infrastructure adds additional obligation for future maintenance
- Upfront cost for Gold Key water line improvements (if annexed) will not be reimbursed to the city.
- The city has many existing needs within the current boundaries of the City.

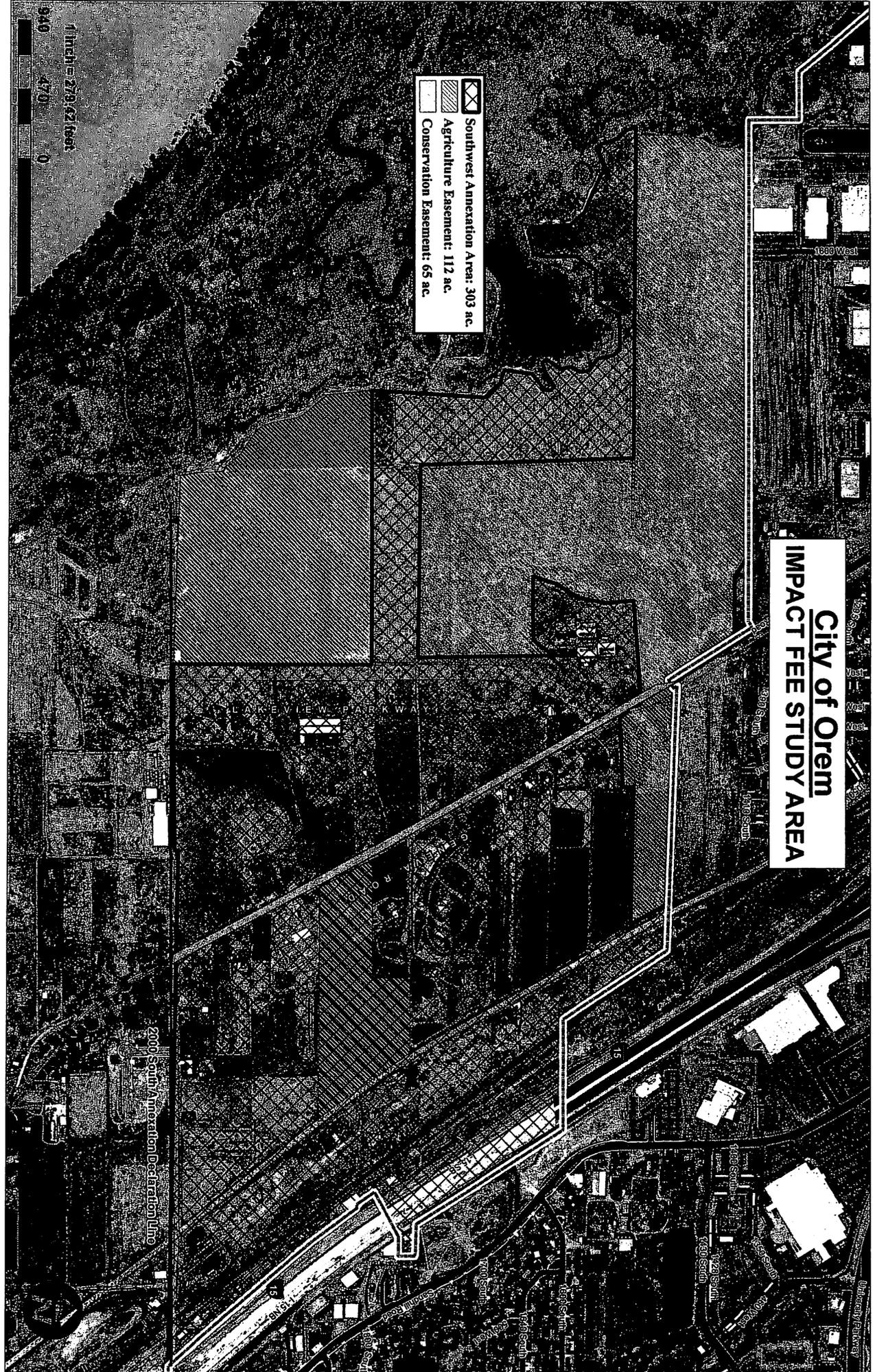
Lakeview Addition - Annexation Petition



City of Orem IMPACT FEE STUDY AREA

	Southwest Annexation Area: 303 ac
	Agriculture Easement: 112 ac
	Conservation Easement: 65 ac

1 inch = 279.62 feet
940 470 0



2000 South Annexation Dedication Line

City of Orem SOUTH WEST ANNEXATION PLAN

Zone	Acrees	Potential Units (ERLUs)	Potential Square Feet
L	66.24	265	
LDR	47.94	192	
MDR	122.77	1228	@ 15,000/Ac = 2,102,400 @ 23,000/Ac = 3,223,680
HDR	42.1	842	
PS	9.55	76	
Totals	288.59	2603	@ 15,000/Ac = 2,102,400 @ 23,000/Ac = 3,223,680

 Commercial Developable Areas
 Agriculture Easement: 112 ac.
 Conservation Easement: 65 ac.

