

ITEM #:	43
DATE:	06-09-26
DEPT:	P&H

COUNCIL ACTION FORM

SUBJECT: DEVELOPMENT OUTLINE FOR THE BLUFFS

BACKGROUND:

The Bluffs at Dankbar Farms is a development located adjacent to Cameron School Road and George Washington Carver Avenue. In 2025, the City Council considered developer incentives for this and several other development pending throughout the City. The Bluffs development incentive is focused on a small 20-acre area of the overall Bluffs at Dankbar Farms development that is being platted as The Bluffs.

The northeast corner of the site is subject to requirements from a 2022 Pre-annexation agreement for: 1) frontage improvements that allow for turn lanes to be created to access the new commercial area on the site, and 2) intersection improvements. The developer has had a responsibility to complete these improvements at its cost since 2022. The improvements are required with the final plat approval to create the four development lots in the 20-acre area. The Final Plat is on this same agenda (see that report for the Developer's request for deferral of improvements pending the outcome of this incentive discussion).

During 2025 the City Council considered incentive requests for five sperate projects that would commit to the production of additional housing. The Bluffs site is one of those project and the developer initially requested the City Council provide TIF rebates of up to \$1.2 million to reimburse the developer for construction of the frontage and turn lane improvements. The developer offered in an email before the December 16th meeting to proceed with a planned townhome and apartment development just to the east of the 20 acre site if the incentive was approved.

On December 16, 2025, City Council authorized up to \$1 million of TIF rebates to the developer over a ten-year period based upon planned commercial development within The Bluffs. At that time, the planned commercial development would involve a Kwik Star convenience store and two additional vacant lots for future development.

At the same meeting i n December, City Council also directed staff to pursue an option for construction of a roundabout at Cameron School Road and George Washington Carver in partnership with Story County, in lieu of the planned turn lane and signal improvements that are a developer requirement and described above.

The budget for the roundabout project tried to match projected costs of a lane widening project with the higher costs of a roundabout with partner funding of the County and a state grant. The City assumed the use of \$600,000 of TIF proceeds from the planned commercial development and additional funding from the developer for up to \$600,000 as needed to make the roundabout project equal in cost to the developer's initial

roadway improvement obligations. The budget assumption was based upon a staff projection of commercial TIF over 10 years with the construction of a Kwik Star project.

Since December, the City has entered into an agreement with Story County to share in the cost of a preliminary engineering design for a roundabout. The design work is underway with the intent to complete the preliminary design and to have a cost estimate by July 2026. At that time, the City and Story County will make a decision about whether to proceed with the roundabout project and apply for a grant in the fall of 2026 with its planned construction in 2027.

The developer has not commenced construction of any street improvements to Cameron or GW Carver and is now seeking a modification to the original development agreement and the preliminary incentive to address the off-site street improvement requirement and the developer's financial obligations for either type of roadway project.

PROPOSED MODIFIED INCENTIVE:

The developer no longer desires to receive a TIF rebate and instead requests that the City Council: 1) remove the developer requirement to construct road improvements for the Cameron/GW Carver intersection, and 2) have the City construct the roadway improvements, regardless of whether those are a roundabout or a turn lane and signal.

Should the City Council agree with developer request to switch the responsibility to construct the off-site road improvements to the City, the question of funding options must also be decided to reconcile the original assumption from December with this new approach.

Staff has created Alternatives for Funding of the project that revolve around use of Commercial TIF and a developer contribution. More detail is provided within the Alternatives Section.

Table: Approved and Proposed Alternatives

	Lane Widening 100% Developer Cost (December 2025)	Roundabout#1-City Project (December 2025)	Alternative #1-City Projects with Initial Developer Contribution	Alternative #2-City Projects with Deferred Developer Contribution	Alternative #3-City Project with Split Commercial TIF
Developer Financial Obligation	Estimated \$1.2 million	Up to \$600,000	\$200,000 up front	\$200,000 at end of project if project exceeds other local sources	Up front contribution of \$400,000 to \$600,000

Developer TIF Rebate	Up to \$ 1 million for 10 years with commercial lot development	None	None	None	50% of Increment for 10 years with Commercial Lots, up to defined amount
City Funding with TIF	None	\$600,000 assumed 10 years with commercial lots	\$1,000,000	\$1,000,000	\$600,000

Fundamentally, the proposed change coordinates any and all improvements along GW Carver as a City project. It also includes a change in assumption of use of TIF, which creates some additional burden of risk and potentially additional cost to the City.

Staff initially identified only using \$600,000 of TIF for the roundabout project because of staff's projection of TIF revenues over ten years from the commercial development of the Kwik Star, as there are no other commercial improvements identified at this time to help fund the TIF. In the \$1 million developer rebate scenario, the risk was for the developer to generate additional TIF to fulfill the rebate obligations or there would be no incentive.

In this new scenario being proposed by the developer, the City would have to assume the risk that there will be \$1 million in TIF revenue to pay off the road improvement debt. The staff believes can be accomplished in a variety of ways, but in the worst case scenario the payoff would be approximately a 20 year period if only the Kwik Star is the source of funding at a \$2 million minimum assessment value.

HOUSING DEVELOPMENT PROPOSAL UPDATE:

In December, the incentive for the The Bluffs was connected to development of 96 total units as townhomes and apartments along Everest adjacent to the Bluffs. The developer stated they would do a mix of owner and rental housing units with no other details.

The developer has recently moved forward with a rezoning request for said parcel located along Everest to change the allowed use from townhomes to a mix of housing types. **The developer now plans for multi-family development of 48 apartment dwellings along with other single family attached or detached housing types on the remainder of the site. Precise timing and commitment to platting is not known, but expected later this year.**

ALTERNATIVES:

1. Direct staff to prepare a modified Development Agreement where the City constructs the roadway improvement (lane widening or roundabout) and the developer provides an up front contribution of \$200,000 for the project, regardless of project costs and other sources of funding.

This alternative assumes the City collects \$1 million of TIF revenue to fund the intersection improvements, while the developer would be responsible for the original estimated difference

of \$200,000 for lane widening without a TIF rebate. **The developer would provide their share of funding at the time of award of contract for the construction of the intersection as part of the project budget regardless of overall cost.**

A cash contribution or financial security from the Developer would be needed in order to coordinate the obligation with the timing of construction of the project.

This option assumes a relatively similar amount of financial participation by the developer for a lane widening project, but removes risk for the developer of securing the TIF rebate in 10 years. However, it increases the assumed City responsibility from the \$600,000 of the original roundabout project to \$1million.

2. Direct staff to prepare a modified Development Agreement where the City constructs the roadway improvement (lane widening or roundabout) and the developer provides financial security for \$200,000 to be spent if the costs exceed the other projected local sources.

The difference between Alternative 1 and 2 is the timing of the developer contribution. This alternative has the City take over roadway improvements for any type of roadway improvement for up to \$1 million of dollars of TIF \$(830,000 of principal and \$170,000 of interest). The developer requirement is a \$200,000 contribution only if the total project cost exceeds other identified funding sources, estimated at \$2,855,000 for a roundabout or \$1,955,000 for the lane widening and signal, subject to refined engineering and financial estimates.

If the project does not exceed the roadway project cost for either improvement types, the developer would have no additional responsibilities. Financial security would be maintained by the developer for their share until completion of the project. This approach has increased incentive value to the developer compared to original December option, because of the potential for no additional contribution to the improvements beyond the initial \$135,000 traffic sign payment made previously.

3. Direct staff to prepare a modified Development Agreement where the City constructs a roadway (lane widening or roundabout), with shared costs between the City and developer by utilizing TIF as a funding source from commercial lots over 10 years.

In this alternative, the City takes over roadway improvements for either lane widening and traffic signal project or a roundabout with a shared financing of the improvements. The developer would contribute up front to the project at a defined amount and be reimbursed with TIF split equally with the City for the first 10 years. This scenario approximates the original roundabout cost assumptions, but instead allows the developer to recoup their costs as they would have with the lane widening rebate option.

Based upon the original assumption of \$1.2 million cost, the split would be \$600,000 of TIF directly collected for the City and \$465,000 contributed by the developer up front and recouped by a TIF rebate. The \$465,000 accounts for giving the developer credit for their previous \$135,000 contribution for a traffic signal at this intersection towards their share of the \$1.2 million.

This alternative only partially addresses the developer's request by ensuring the City

constructs the roadway project. **However, while it potentially reduces the developers financial participation in a project as an incentive compared to the original alternatives, it also splits the risk of generating TIF proceeds with the developer as a rebate based upon commercial development for ten years.**

4. Indicate support for City construction of the roadway project, but defer direction to staff until after July 2026 when an engineer's estimate of cost for a roundabout are known.

Under this alternative the City Council would commit to the City assuming responsibility for constructing a roadway improvement (either a lane widening or roundabout project), but a final decision about the project type and its funding options would both be deferred.

The developer could proceed with having their Final Plat approved later in this meeting, however, the Council would need to specify an appropriate financial security requirement for a developer contribution to the project until there is a final determination.

5. Take no action on a modified proposal and direct staff to prepare a development agreement based upon the original December Incentive Options for lane widening or roundabout funding assumptions.

The developer would need to update the Final Plat documents to reflect the requirement of developer constructing the roadway improvements. The developer would have three years to complete the lane widening requirement. They would be eligible for TIF rebate from commercial lots for 10 years.

If the City Council eventually committed to a roundabout project, the developer would not have to construct the roadway, but would make financial contributions to the roundabout project.

CITY MANAGER'S RECOMMENDED ACTION:

The developer asks that the amount of TIF assumed as funding for a roundabout or a lane widening and signal project be equalized between the two options and for the City to be responsible for the ultimate construction of either improvement. In their view the cost to the developer is likely greater in the roundabout option than the lane widening and signal option.

Although the feasibility of the roundabout project has advanced with shared costs on the preliminary engineering study, at this time an engineer's estimate for the roadway project does not exist and staff is working from high level estimates created in December to compare the options. A an engineer's estimate of cost is expected in July 2026.

The Public Works Department is in favor of the roadway project becoming a City project to avoid piecemealing of improvements since their now appears to be a need to coordinate the Bluffs project with future Greenbriar improvements at the intersection.

The key question remaining for staff is how to allocate and account for the developer incentive in a project now proposed to be constructed by the City. The options described above look at three ways to approach the incentive from different perspectives of risks and benefits.

The developer desires to Final Plat The Bluffs regardless of the outcome of the decision on the

development outline in order to complete a planned sale of land for the assisted living (Dover) in June. The final development agreement amendment would not be completed until after the approval of the proposed The Bluffs Final Plat.

If the City Council believes an up front \$200,000 contribution by the developer is appropriate balancing of developer incentives and contributions to the project in response to the City assuming the responsibility of constructing either the lane widening and signal project or a roundabout, the City Manager recommends Alternative #1.

However, if the City Council is undecided on the appropriate developer contribution in response to the City assuming the responsibility for construction of either a lane widening and signal project or a roundabout, the City Manager recommends Alternative #4.