

ITEM #: 31

DEPT: P&H

Staff Report

**REQUEST TO AMEND DEVELOPMENT AGREEMENT TO CHANGE PAVING OF CEDAR
LANE TO AURORA AVENUE**

May 12, 2026

BACKGROUND:

City Council received the attached letter from the Burgasons, developers of the Ansley development located on Cedar Lane, requesting Council amend their previous funding request related to the paving of Cedar Lane. The Cedar Lane agreement calls for the City to be responsible for the future paving of approximately 700 feet of Cedar Lane as an off-site improvement. Note that the Cedar Lane paving is only 50% City-responsibility, with the remaining 50% an ISU obligation per a prior development agreement for the Ringgenberg Subdivision west of Cedar Lane.

Staff anticipated in December when the agreement was approved that the City's estimated financial obligation for Cedar Lane paving would not be needed for at least three years based upon the timing and phasing of the development, but ultimately the timing of its construction is at the discretion of the City Council.

The developer now is requesting that the Cedar Lane agreement be cancelled and replaced with an agreement that the City would pave approximately 650 feet of Aurora Avenue located at the northeast corner of the site and extending into the site (See map in letter). The developer has indicated that this street project would facilitate near term development in FY 2027/28 with townhomes and detached housing lots within the project. **If the new request is approved, the developer would commit to extending two other street segments in conjunction with the City extension of Aurora to plat additional lots for development.** The Aurora paving would be contingent on the developer platting these additional areas for development.

The developer believes this request for supporting near term development is in line with other development incentive requests reviewed by City Council in December 2025.

Staff agrees that the paving of Aurora is more beneficial for near-term development benefits, but there are new financial aspects that must be considered. The Public Works Department estimates that 650 feet of Aurora paving, sidewalks, and storm sewer would be approximately \$371,000 of cost to the City compared to approximately \$250,000 for the current Cedar Lane obligation. Since the original proposal by the developer, staff discussed the practicality of the extension with their planned improvements and has concluded that the extension by the City might be marginally less when accounting for the developer's street improvement obligation.

Secondly, the developer requests a commitment that the improvements occur in FY 2027/28 rather than defer to a later undefined date, as is the case with Cedar Lane. Because of the deferred and contingent timing of the Cedar Lane extension, there is no paving project in the 5-year CIP for it. Adding a project in FY 2027/28 could displace another project in order to prioritize the paving or increase the total financial commitments for CIP paving projects. Staff believes this request would have to be paid with G.O. Bond revenues.

An alternative to City financing of a paving project is possible: the use of a Residential TIF rebate for the developer to be reimbursed for this cost. The developer would be rebated future tax increment as development occurs. **Because of the city budget legislation recently approved by the Iowa Legislature, staff does not know the full ramifications of the new law and cannot yet make a recommendation about whether to utilize this mechanism for this project. The Developer has indicated to staff they do not desire to rely on TIF rebates for the work.**

OPTIONS:

Option 1: Direct Staff to Prepare an Agreement for Paving Approximately 650 Feet Ansley Lane in Lieu of Cedar Lane

This option matches the developer's request and would have an estimated cost to the City of approximately \$350,000 to \$370,000, after accounting for the developer's street extension work. The City paving would be contingent upon the developer completing platting and other street extension work first. The City work would be projected to occur after July 1, 2027 as part of Fiscal Year 2027/28. City Council would add the project to the CIP as part of the FY 2027/28 budget process.

Option 2: Direct Staff to Prepare an Agreement for Paving Ansley Lane in Lieu of Cedar Lane at an Estimated Cost to the City Equal to the Current Cedar Lane Agreement

This option would allow for a swap of obligations of an estimated equal dollar amount and be planned for FY 2027/28 the same as Option 1. Based upon the estimated cost above, this would equate to approximately 440 linear feet for \$250,000.

Option 3: Direct Staff to Prepare an Agreement for Paving Approximately 650 feet Ansley Lane in Lieu of Cedar Lane Utilizing Residential TIF Rebate

The Residential TIF allows for the developer to complete the project on their timing with no City involvement or changes to the CIP. However, the new budget legislation changes how property tax base is accounted for and staff is not prepared at this point to make a recommendation on use of TIF for any project. **If this is the preferred funding option for the request, staff recommends tabling the request until June for staff to gain a more comprehensive understanding of TIF under the new city financial legislation adopted by the state.**

Option 4: Take No Action

If City Council does not want to modify the planned CIP timing of projects or costs, the Council

would take no action on this request and maintain the current agreement.

STAFF COMMENTS:

The Developer initially requested the Cedar Lane paving incentive as a consideration of reducing the development's financial burden in relation to an off-site cost of paving an existing segment of Cedar Lane as development progressed south. Paving Cedar Lane did not directly facilitate development. The proposed change by the Developer is intended to create new term development opportunities similar to other incentives granted to other projects in December 2025.

As an internal street to a development, the request is most similar to Hayden Preserve or Auburn Trail that sought general development support. Incentives for these two projects were a combination of waived connections fees, residential TIF, and use of ARPA funds for oversizing and pioneer infrastructure. **In this case these funding options are not available, with the exception of the residential TIF. However, staff needs more time to understand the ramifications of the new law regarding TIF if that is a preferred option.**

If Council proceeds with the request, it will likely require use of G.O. Bonds to fund the project. GO Bonds were used in limited amounts for other projects over the next three years, such as Cottonwood extension and cost sharing for a Stange Extension, totaling an estimated \$641,000 for the CIP in FY 2027/28.

If Council chooses to move ahead with the Developer's request, a formal development agreement amendment will be required to be prepared and returned for City Council approval.

ATTACHMENT(S):

[Cedar Lane - Aurora Avenue Revision Request.pdf](#)