

AGENDA ITEM SUMMARY

City Council



STAFF

Kim Meyer, Principal Planner

SUBJECT

First Reading of Ordinance No. 136, 2026, Authorizing the Mayor to Execute an Annexation Agreement Regarding the Strauss Lakes Annexation.

EXECUTIVE SUMMARY

The purpose of the agreement is to mitigate the Owner's risks associated with the requested Zoning, the Overall Development Plan ("ODP") which is currently in review, their first Project Development Plan ("PDP"), or their anticipated metropolitan district service plan

Cottonwood Land & Farm, LLC, ("Owner") owns the property located at the northeast corner of Ziegler and Horsetooth Roads in the City's Growth Management Area, known as "Strauss Lakes". This 147.499-acre property is the subject of the associated agenda item for the proposed Strauss Lakes Annexation. The Owner has requested an agreement with the City that would grant the right for them to disconnect ("de-annex") from the City in the event that certain approvals are not granted, or they are granted with conditions unacceptable to the Owner.

Staff have reviewed the agreement and are in support of the overall intent and purpose and propose a simplified version of this agreement that achieves these purposes, which is attached as an Exhibit to the Ordinance.

The Owner has proposed a more expansive agreement that includes numerous detailed stipulations described in this item summary.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Annexation agreements are commonly used in municipalities throughout the Front Range, though are rarely used in annexations to the City with the last one staff could locate being in 1994 (Ordinance No. 134, 1994). These agreements typically outline some basic conditions under which the property may be granted a subsequent disconnection, such as specific zoning or approval of a master plan, such as an ODP, or may dictate required development conditions or standards, a negotiated repayment for infrastructure, or similar development issues to the benefit of either or both parties.

Agreement Summary. The proposed agreement grants the Owner the right to disconnect based on several Disconnection Events, enumerated in Section (1)(A), that include:

- Zoning of LMN and MMN are not approved;
- The City (Planning & Zoning Commission and/or City Council on appeal) does not approve the proposed ODP;
- The City approves the ODP, but with approval conditions that are “unacceptable to Owner in Owner’s sole and absolute discretion”;
- The City denies the initial metropolitan district service plan;
- The ODP of metropolitan district service plan are unapproved for 18 months after this agreement;
- The Development Plan for the first phase is denied by the original decision maker within 5 years of this agreement.

Section 1 also provides that any disconnection request in compliance with the terms of the agreement shall result in a disconnection ordinance approved by the City Council within 90 calendar days.

Section 2 outlines numerous events that terminate the Owner’s Right to Disconnect otherwise granted by the agreement, such as a requirement for submittal of the metropolitan district service plan and initial development plan within a given timeframe (9 months and 18 months, respectively) to allow the City time to meet the requirements stated above. The Owner may also withdraw the item prior to Second Reading of the Annexation Ordinance (currently anticipated for October 20, 2026) at their discretion.

Section 3 clarifies that the IGA will remain in effect and this agreement does not alter the applicability, nor impair the ability of the property to be annexed in the future or to develop under County code, in accordance with the terms of the IGA. Staff coordinated with Larimer County planning and attorney’s offices to ensure they were aware of this agreement and comfortable with the language related to the continued applicability of the IGA.

At the agreement’s core, the Owner would be granted the right to request disconnection when any triggering event falls within the agreement’s terms, to be scheduled on an upcoming City Council agenda, and result in the property being removed from city limits and returned to unincorporated Larimer County, with no harm or injury to either party.

IGA and County Development. Based on the terms of the Intergovernmental Agreement Regarding Cooperation on Managing Urban Development (Attachment 5), property located in Larimer County and within the City’s Growth Management Area (GMA), which intends to develop at urban levels of density and intensity is required to be referred for annexation to the City. With this agreement, the terms of the IGA would remain intact with no injury to either party. In the future, if urban level development were again proposed, the property and project would be referred to the City for annexation. Larimer County provided a brief memorandum (Attachment 6) that clarifies and agrees that any future development on that property would remain subject that IGA. Additionally, the County believes this agreement runs counter to our IGA by providing the Owner the opportunity to disconnect and registered their objection. City staff and attorneys have reviewed the IGA and the agreement and believe that the proposed agreement does not impair the IGA nor any of the parties – city, county, or owner – as all aspects of that IGA will remain in force.

Based on city staff’s interpretation of the County code and the IGA, a subdivision or any use permitted by Special Review triggers the annexation referral; therefore this property would be largely limited to a single unit residence on the southern half of the site (zoned RR-2 Rural Residential), while on the northern Industrial (I) zoned portion a wider range of uses is permitted, which are summarized in Attachment 7.

Staff Analysis. While acknowledging that the County does not support this agreement, staff is generally in support of this agreement as it addresses potentially adverse decisions related to development of the

property that could significantly impact the ability of the Owner to pursue development in the manner or timeframe that they envision.

Those decisions might include a denial of any of several vital steps in the process – ODP, development plan, metropolitan district service plan, or a condition of approval required by City policy or codes that might create a similar impact. Development is complex and there are myriad variables that may impact an owner's ability to successfully pursue full development entitlement and site construction. In such a circumstance, staff acknowledges there may be benefits to the Owner to disconnect the property and remain in the County, with no impairment to either jurisdiction and maintaining the terms of the IGA with the County.

Owner-proposed Agreement. This concept of an annexation agreement was originally proposed and drafted by the Owner of the property and has been revised with staff and the Owner's team several times. Since that initial discussion with City staff, the Owner has expanded the scope of their proposed agreement to include several detailed stipulations, including freezes on infrastructure obligations and fee waivers. A few of the items detailed below are no longer relevant, having been removed from proposed plans or otherwise resolved, but the Owner declined to provide a revised version of their agreement when requested by staff. Staff is referencing the most recently submitted version of this Owner-proposed agreement.

Additional stipulations:

Added language to "Owner's Right to Disconnect the Property" Section (1)(A), between v and vi:

The City and Owner fail to reach mutually acceptable agreement as of the date that is 12 months after the Effective Date with respect to any of the following items:

- i. Buffer for the bald eagle nest located to the north of the Property;
- ii. Total Owner's share of traffic infrastructure improvements for the ODP, including alternative mitigation contribution and direct contribution (the "Traffic Fee");
- iii. Tree mitigation applicable to the ODP;
- iv. Classification of the pond at the north end of the Property as a naturalized irrigation pond subject to a 50-foot buffer zone pursuant to Fort Collins LUC (defined below) Section 5.6.1(E)(2)(d); or
- v. Ability of the Owner to place a lift station on the City Property.

The addition of Section 4 would impact the transportation infrastructure improvements and obligations by determining that cost, as presented in an attached Exhibit B of that version of the agreement, with no inflation adjustment or modification permitted without mutual agreement by both parties. This Section also waives such Traffic Fee for any "Affordable Housing Development".

(4) Developer's Share of Traffic Infrastructure Improvements.

The City and Owner acknowledge and agree that the total Traffic Fee shall be agreed upon by the parties prior to approval of the first Final Development Plan ("FDP"), and shall be substantially similar to the amount set forth on Exhibit B attached hereto and incorporated herein by reference. The parties further agree that such Traffic Fee shall be paid at the time of issuance of building permit(s) in connection with any approved FDP, calculated as follows: upon approval of such FDP, the Owner shall reasonably determine the proportionate share of the Traffic Fee attributable to such FDP, based on the relative amount of development proposed in such FDP as compared to the total development contemplated in the ODP. Notwithstanding the foregoing, the City and Owner agree that under no circumstances shall any portion of the Traffic Fee be imposed in connection with the development of any Affordable Housing Development, as defined in the Fort Collins LUC, and the number of residential units to be developed as part of any Affordable Housing Development shall not be taken into account when calculating the Traffic Fee due for any approved FDP. Once

approved by the parties, in no event shall the total Traffic Fee be increased unless mutually agreed upon by the parties in writing.

The numbers shown in Exhibit B were assembled in coordination with City transportation engineering staff, based on a master Traffic Impact Study (TIS) that was submitted with the in-process ODP project application, and have been verified with said staff as valid for today's dollars and for the current level of detail known for this development.

Staff Analysis. After much discussion and deliberation with City staff and the Owner's team about concerns, staff felt that the remaining additional stipulations do not offer a commensurate benefit to the community and in some cases contradict existing development standards and policies.

Several of the detailed requests relate to financial obligations and impacts are also topics of current discussion with regard to how the City best addresses a variety of complex development issues, including obligations for infrastructure, development-related fees, affordable housing fee waivers – and staff believes it more appropriate to allow these public discussions to continue and for the City to develop a comprehensive framework / system that works for and applies to all development as well as benefits the community, rather than seek unique solutions on a case-by-case basis.

Section 1. The agreement provides several meaningful and broadly-stated off-ramps to the Owner, with wide latitude to exercise sole discretion. The majority of the Disconnection Events are supported by staff.

Only Section (1)(A)vi. that speaks to the eagle nest, the traffic infrastructure improvements, tree mitigation, and classification of the pond are not supported by staff. The lift station for wastewater has been removed from conceptual utility plans and has become moot.

- **Bald Eagle Nest.** Colorado Department of Parks and Wildlife (CPW) and Land Use Code (LUC) Section 5.10.1 address buffering and seasonality of construction activity, related to location of any active eagle nests in place at the time of such activity.
- **Owner's Share of Traffic Infrastructure Improvements.** See more detailed discussion of Section 4 below.
- **Tree Mitigation.** The process of reviewing more detailed development plans and reports, and ensuring compliance with the Land Use Code, also includes the ability granted within the code to mitigate any disturbances to natural features on the site. Staff feels this degree of flexibility is better addressed and applied to the site design and features at that stage of development, rather than at annexation.
- **Irrigation Pond classification.** Staff is working with the Owner to obtain needed information and evidence regarding the status of this pond and its waters, including any need for an augmentation plan. Similarly, staff believes the code provides ample opportunity to explore mitigation or modification options related to the buffer zones adjacent to natural features once more detailed development plans are proposed and the area can be analyzed with better information and detail.

Section 4. The request to lock in final transportation/"traffic" fees at an annexation, without a typical inflation escalator or the ability to revise that as more detailed development plans are known feels pre-emptive, unnecessary, and creates a risk for the City. It is typical to identify a rough estimate of cost, allow an inflationary escalator to attach, even, but with the stage of development reached thus far, the City has not approved/accepted a final Master Transportation Impact Study – which is currently in review. The issue of fees related to development has been a topic of recent Council discussion and attention, and several city departments are working to more fully understand and calibrate all fees associated with development in the City. This proposed fee lock would circumvent those important conversations, and treat this development differently than any other. Similarly, the request to waive such fees for any affordable housing development would preempt that broader city conversation and solutions that may be forthcoming, and would seemingly apply to the full development project and all units or square footage in that development, rather than singling out those units that meet the city's definition of "affordable."

Staff has strong reservations and concerns related to the additional clauses proposed by the Owner, and would recommend against accepting these additions to the agreement.

CITY FINANCIAL IMPACTS

The agreement would have no anticipated financial impact to the City.

COMMISSION RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Vicinity Map
2. Annexation Map
3. Owner-Proposed Annexation Agreement
4. IGA Larimer County and City w/ Amendments 1 and 2
5. Memo from Larimer County
6. Summary of Larimer County Land Use Code
7. Ordinance No. 136, 2026