

**120 growing closer**



M3 Companies

Spring Valley developers envision a 6,000-acre planned community with 7,000 homes in the foothills near Eagle.

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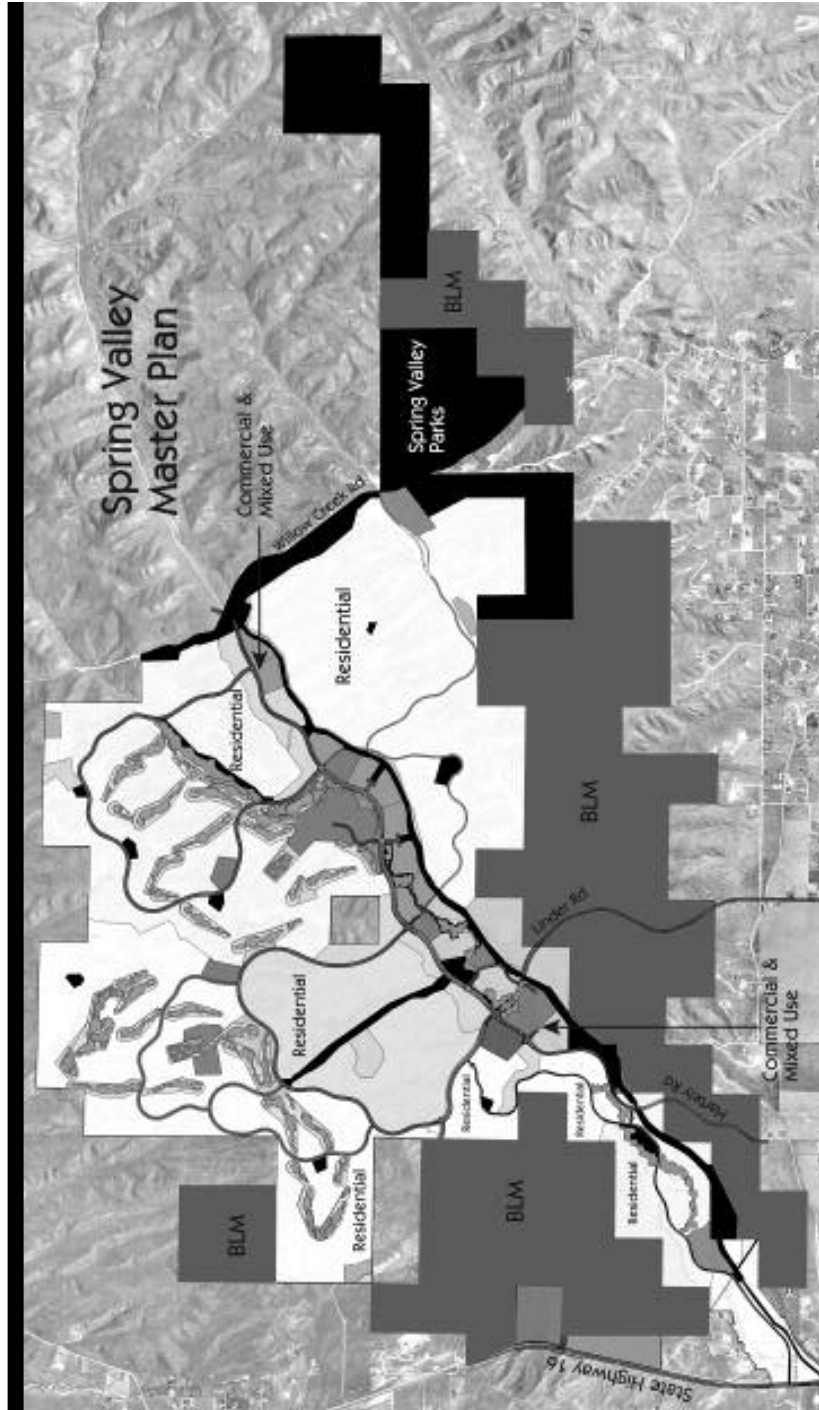
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# EAGLE

by Roman Lewis

**M**any towns in Idaho face the question of how to best manage growth. While some are successful in their bid to maintain a strong sense of community tied to their unique qualities, others suffer from a lack of cohesion in planning design and have lost their sense of culture and history, all of which contribute to a disjointed infrastructure and perpetuate aimless sprawl. The City of Eagle exemplifies the complex issues cities must confront in the face of the pressing demands of growth. The town is currently involved in a dynamic process with a developer whose properties' annexation will have far-reaching effects upon the future of the city and the surrounding area.

Population growth in Idaho has dramatically increased over the past decade. According to the U.S. Census, between 2000-09 Idaho witnessed a 19.5 percent increase in its total population, placing it fifth in the nation in overall percentage increase in population growth. Even with the recent economic downturn, Idaho still ranked 12th nationally in percentage



M3 Companies

The Spring Valley master plan features a mix of residential, commercial and recreational uses for the development east of Highway 16.

population growth in 2008-09. The Treasure Valley has borne the brunt of this substantial population boom, with Ada and Canyon counties ranking as the first and second most-populated areas in the state. Growth provides many benefits to a community. Besides the obvious expanded tax base, the diversity of population and business attracted to the community can greatly enhance the quality of life within the city and surrounding area. But challenges accompany the positive side of growth. Idaho's rapid population influx also has placed tremendous burdens on municipalities, leaving city leaders racing to develop strategies and forge consensus to mitigate the impact upon infrastructure and services. While cities possess a number of policy prescriptions, land use regulations and finance instruments to address the obstacles of growth, these options may not be systemically, financially or politically feasible, thus limiting the effectiveness of any response and creating a disconnect between the public's perception of their elected officials' competence and the constraints they must operate within.

Cities, developers and citizen groups face several key issues in responding to the growth. An examination of the background and issues surrounding M3 Eagle, recently named Spring Valley—a 6,000-acre planned community of more than 7,000 homes, shops, offices and amenities being developed by the M3 Companies in the foothills north of Eagle—could be instructive to other cities facing the dilemmas of growth. Numerous stakeholders are involved, foremost being the general public, but three others—the City of Eagle, M3 and the North Ada County Foothills Association—are central to the issues and can serve as proxies that address general themes that could arise in development projects all over the state. M3 Eagle is a case worth examining, for it is a development in progress, rich with instances of collaborative efforts among stakeholders as well as points of contention that have yet to be fully resolved. The general issues associated with this project illustrate the complexities of managing growth in Idaho.

Eagle is located 11 miles west of Boise in Ada County and is bordered by Boise and Garden City on the east and southeast respectively, Meridian on the south, Star to the west and unincorporated rangelands to the north. The city experienced a 61 percent population increase over a 9-year period (2000-09), as the city grew from 12,083 to 19,668. Strategically placed between the Boise River and the foothills, Eagle maintains a unique small town environment emphasizing its rural surroundings and traditional design. The city promotes the inherent natural beauty that enhances its quality of life and expends great effort to maintain numerous parks, water amenities and accessibility to walking, horse and bike paths. The surrounding landscape plays a lead role in Eagle's planning decisions and the city has created

standards and design guidelines to maintain a balance between nature and development. Eagle's property tax levy rate is the lowest amongst its surrounding neighbors, with the next highest levy rate a little more than two times its own. Lower taxes combined with natural amenities are incentives for individuals looking for homes and business interests.

M3, a development company with headquarters in Arizona and an office in Eagle, determined that Eagle, with its reputation, size, demographics, locale and proximity to Boise, fit well with its development vision. In early 2005, M3 began purchasing sizeable tracts of private land in the foothills north of the city, properties that would become the foundation of the M3 Eagle planned development. As Gerry Robbins, M3 Eagle general manager, explained, "The company looks for reasonably priced land in areas that are in the path of future growth, have a sound basis for continued growth and vitality and have a location with high quality-of-life factors. Eagle met these criteria and we felt there was an opportunity to do something special here." Representatives from M3 met with then-Eagle Mayor Nancy Merrill to discuss the process for annexing their property, which was located in unincorporated Ada County, into the city and to devise a framework for negotiations on an agreement that would guide the development of the project. At the same time, the county was in the process of updating its comprehensive plan and drafting a future growth plan for the foothills, including the M3 property. This complicated matters for the city since the county intended to continue drafting its plan until credible evidence was presented showing that Eagle was in fact going to annex the land. Further, M3 Eagle's land was not contiguous to Eagle, so the company did not have a clear annexation path to the city. The Bureau of Land Management owned a chunk of land running along the property's southern edge, and other private lands blocked M3 Eagle's connection to the city. The public used the BLM land for a variety of outdoor recreational activities, and upon hearing that a development was proposed next to a cherished resource, community groups mobilized to demand representation in any decisions made over changes to the Eagle comprehensive plan that might favor development at the cost of environmental and public concerns.

During the initial planning phase, it was obvious that an open and honest dialogue was necessary to address the needs and concerns of all stakeholders. The City of Eagle was primarily concerned with the impacts that the development might have on the city if M3 Eagle remained as part of Ada County or for that matter, was annexed to its western neighbor Star. Mayor Merrill said that Eagle preferred that large developments near the city request annexation. "Development is going to occur, either on our outskirts

(in Ada County) or in the city ... we would prefer that they be inside our city limits so that we can use our design standards and our comprehensive plan to make sure the developments fit in with Eagle's plan," Merrill told the *Idaho Statesman* in October 2006. Since M3 agreed, they needed to under-

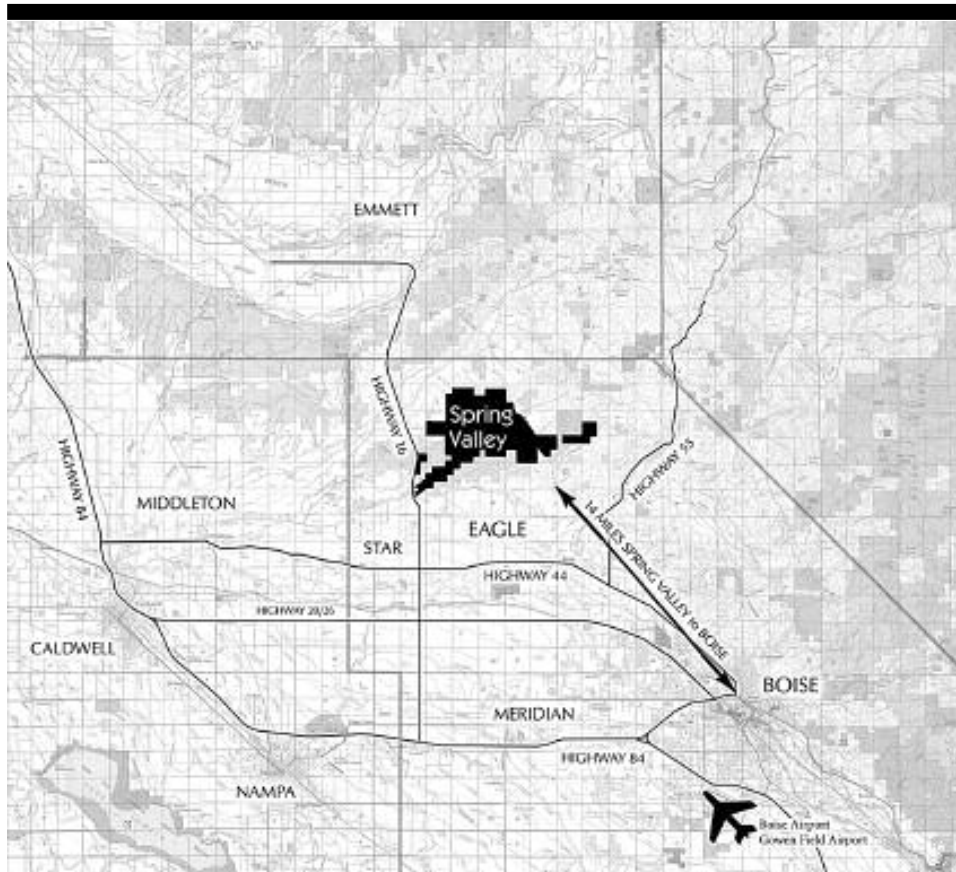


M3 Companies

Houses will be built in five "planning areas." The extent of the aquifer that will supply water to Spring Valley has been a source of contention between neighbors, developers and government agencies.

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stand the city's requirements and processes. According to M3's Robbins, "The development has a 20-year build-out, so the sooner we could understand what was required by us (from the city) the quicker we could set about meeting those requirements." The community advocacy group most intimately involved in the process, the North Ada County Foothills Association, was primarily concerned with the effects that any development would have on the foothills area and the recreational opportunities and lifestyle enjoyed by the surrounding community. The foothills association's primary purpose was—and still is—to actively work with Ada County, the City of Eagle, water resource and transportation agencies, landowners and other



In 2009, when the City of Eagle annexed Spring Valley, M3 Companies advanced their development plan.

interested parties to create and implement a plan for the north Ada County foothills.

Because property rights have high priority and are well protected in Idaho, there are a limited number of regulations that developers must adhere to relative to other states. As former Eagle Mayor Phil Bandy put it, "The onus is really on the community in determining what should be required of the developer." This statement underscores the value of a well-defined comprehensive plan, for it determines what path the city will embark

upon as it grows. Well-designed comprehensive plans enable cities to retain their character and unique culture, while vague plans may lead to a lack of cohesion with a city's overarching themes and values. Eagle needed to amend its comprehensive plan to include the proposed development, and this circumstance created the opportunity to expand its plan to encompass the entire north foothills area. The city formed committees consisting of developers, citizens, landowners and city staff to help prepare the proposed comprehensive plan amendments. This also created a mechanism for both the developer and leaders of advocacy groups to "sit at the table" together and work with the city.

A Pre-Annexation and Development Agreement is a legally binding contract between the city and developer that sets the terms and conditions of the project. This agreement, endorsed by M3 and Eagle in December 2007, became the blueprint for the project and locked in each party's obligations. Numerous studies, evaluations and testimony were taken, with public hearings playing a key role in providing citizens the opportunities to voice their opinions on a number of issues and challenge the assumptions of the developer and city. Some of the primary concerns presented at these meetings by those opposed to foothills development included: the potential damage to native wildlife and habitat; potential changes in status and trusteeship of the BLM land separating the development from the city; and the proposed plans for new roads and infrastructure to manage the eventual volume of traffic as well as wear and tear on pre-existing thoroughfares and infrastructure.

The foothills provide a natural habitat to a variety of plant and animal species native to the region. Concerns were raised about the effect of development and increased traffic on wildlife and habitat, as well what measures the developer was willing to take to mitigate damage. Concern over the plan to address slick spot peppergrass, a native foothills grass recently placed on the endangered species list, also emerged after a lightning strike in the foothills burned a number of houses along with the rare grass. Some questioned how the city would be able to handle a similar brushfire scenario, only this time with additional development. Some interest groups advocated that environmental factors should be the primary determinant in land utilization. They questioned how seriously the developer and city considered these environmental factors as features to be protected and maintained. The foothills association voiced concern over plans for the BLM land, as a proposed "land swap" between M3 and the BLM appeared to be an option that would address the issues surrounding annexation. This was a highly contentious issue, as a wide range of individuals and interest groups demanded a voice in any decision involving the transfer of longstanding public lands to

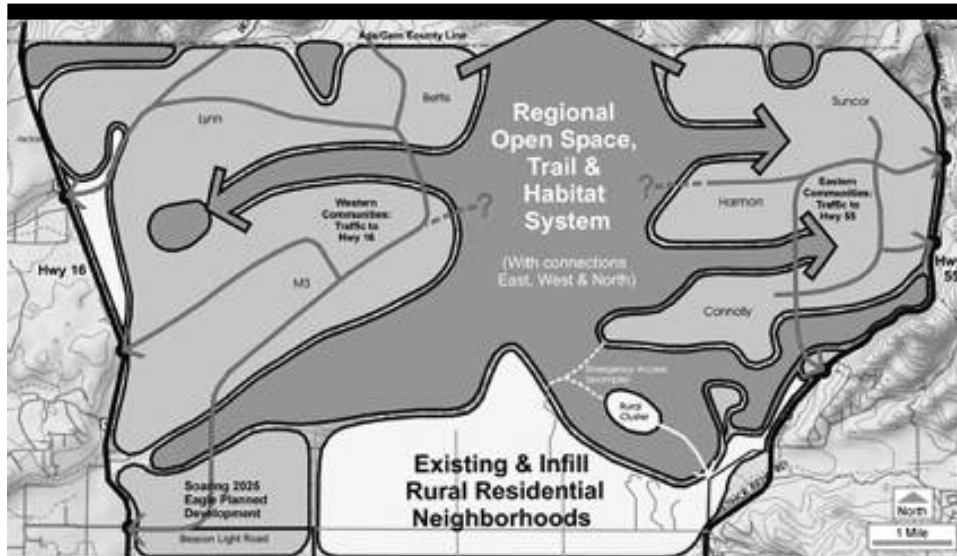


a private party. Although M3 had stated that its goal was to develop and maintain the area as a system of public parks and open space, those opposed to the land swap did not agree in principle to any public/private transfer. This option was eventually dropped, but remains an important issue across the state. M3 did later purchase land contiguous to the city, thus meeting that annexation requirement.

Citizens of Eagle and the surrounding area also were concerned about the effects that a development of this scale would have on existing roadways and infrastructure, as well as the costs involved in building and maintaining a number of additional thoroughfares and infrastructure components that would be required to serve the potential users living in and around the development. A phrase commonly used was that “the developer must pay his fair share of the costs,” and this included additional infrastructure and associated costs. Citizens were concerned that they would bear the true costs of the development and that the developer would not shoulder his fair share of the burden. These issues were only a few of those raised at the meetings, and they continue to be points of contention. However, three overarching strands—the total number of units in the development; their distribution within the property; and the potential economic and environmental impacts of the development—would eventually play a defining role in the city’s calculus for determining the impact of the M3 Eagle annexation, and serve as the focal points of opposition to the project by the foothills association and other groups. These issues reflected many of the concerns held by all parties involved, and the eventual decision made by the city to annex the property hinged primarily on the ability to develop a workable framework to establish terms that met the interests of the City of Eagle, its citizens and the developers.

Developers planned for an initial maximum density of 12,010 units. Both the City of Eagle and the foothills association agreed that this number was too high, and did not fit within the context of the foothills and the rural/urban development environment the city was trying to maintain. This led to prolonged negotiations with the developer as each side debated the merits of the case. The final negotiated settlement was reached through compromise between the developer’s desire for units and the city and citizens’ desire for community amenities and open space. The city ultimately approved a base project density of 0.5 units per gross acre, or 3,003 dwelling units, and 245 acres for non-residential use. However, the city would allow additional units if the developer would build amenities such as a community center or reserve land for open space. Through the application of those provisions, the maximum density became 1.19 units per gross acre, or

7,153 dwelling units, and 245 acres for non-residential use. Residents and the foothills association consistently expressed concern over the potential for loss of open space, but the city created a plan that appealed to citizen concerns while providing incentives that would enable the developer to increase



Developers promote Spring Valley as a mix of houses and open space that maintains the area’s rural heritage.

the number of units allowed, satisfying the city’s desire to manage growth. M3 found these conditions acceptable and began incorporating them into the design of the project.

The developer’s intent in the overall design vision was to incorporate and emulate the natural topography to facilitate a complementary connection between the natural and man-made landscape. This vision also fit within the city’s overall direction for hillside developments and addressed the foothills association’s concerns in preserving the natural environment as well. Although each stakeholder’s interpretation of what this meant and how it should be executed varied in scope, it provided the basis for the framework of the development plan. The M3 Eagle development is comprised of five different Planning Areas—Big Gulch, Northern Residential, Southern Residential, Southwestern Residential and Highway Mixed-Use/Business Park, all scheduled to be phased in over a 20-year period. Each Planning Area is defined by



Arden Tree Farms

Annually some 8,000 deer and 1,000 elk winter in the Boise Foothills. More than 200 are killed by cars. Pictured: mule deer, the dominate species near Boise.

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a unique design based on its associated location and topography, existing and planned transportation corridors, mix of commercial and residential uses, land(s) set aside for public facilities and open space. M3 and the city agreed that open space was an intrinsic characteristic of the locale's identity and that open space would comprise a minimum of 20 percent of the development. (The city standard was 10 percent.) They also agreed that within all Planning Areas a minimum of 50 percent of all dwelling units, 65 percent of all single-family detached lots less than 5,000-square feet and 50 percent of all single-family detached lots less than 8,000-square feet shall abut some form of open space.

Each Planning Area reflects the context in which it resides and each is planned in accordance with naturally occurring and existing infrastructure conditions. Flat lands characterize the Big Gulch Planning Area, and as a result, the majority of the community's density occurs there. This area may

be characterized by the incorporation of many Smart Growth features, with buildings close to the main arterial roadways, pedestrian-friendly sidewalks, street trees and benches, shared surface parking and garages encouraged at the side, rear or within building clusters to reduce the amount of paving and empty space that define traditional parking lots. Housing would include apartments, townhouses, condominiums, patio homes and high-density, single-family detached and attached homes. The Highway Mixed-Use/Business Park area is connected to State Highway 16 and is designed to capitalize on that adjacency through a mixture of commercial, retail and business parks. As with Big Gulch, this area will include high-density single- and multi-family homes along with hotels.

Hills dominate the Northern Residential Planning Area and development will thin out as it moves northward. This area will be populated with a mix of low-density single- and multi-family homes. Two community parks and nine neighborhood parks are planned for this area, as well as sites for three elementary schools, two golf courses and a resort. The Southern Residential Planning Area contains the highest concentration of steep slopes, and in turn, units will be restricted to building envelopes that will reduce the visual impact of the development and maximize open space and trails.

Development in the Southwestern Planning Area is anticipated to include rural and estate-type custom homes, with some of them part of an equestrian-themed neighborhood. An equestrian center, professionally operated and funded through the owner's association, will be a key feature of this neighborhood.

John Church, an economist and visiting professor at Boise State University, was hired by M3 to conduct a Demographic Forecast and Economic and Fiscal Impact Analysis of the proposed project as required by the city. Its primary objective was to estimate the fiscal impact that the M3 Eagle development would have upon affected public service providers, specifically Ada County, the City of Eagle, Meridian Joint School District No. 2, the Eagle Fire District, the Ada County Highway District, Ada County Emergency Medical Services, Ada County Weed and Pest Control and the Mosquito Abatement District. The analysis concluded that "the projected net fiscal impacts are universally positive." In the 20-year build out period, the projected total net fiscal impact to public service providers affected by the project would be:



U.S. Bureau of Land Management

The cost of fire and ambulance service was a point of dispute in Eagle's debate over annexation. Pictured: helicopter crew fights fire in the Boise Foothills, 2008.

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- City of Eagle: +\$23.20 million
  - Ada County: +\$81.98 million
  - Ada County Highway District: +\$64.91 million
  - Ada County Emergency Medical Services: +\$3.18 million
  - Eagle Fire District: +\$27.40 million
  - Meridian Joint School District No. 2: +\$116.18 million

Upon receipt of the report, the city hired Ben Johnson Associates, Inc. to conduct an independent review of the findings and report to the mayor and city council. Dr. Don Reading's analysis concluded that the Impact Analysis submitted by M3 Eagle was flawed in a number of areas. He disagreed on the net benefits and the projected costs, along with other calculations and assumptions. Conclusions about the project's viability and impact

concerned city leaders and highlighted issues raised by the foothills association and advocacy groups opposed to the development. The city sought clarification on the discrepancies between the two reports. Church made an appearance before the Eagle City Council and effectively rebutted Reading's findings. Church explained in detail the methods and calculus underlying his analysis and why it differed from the review. The council in turn accepted the validity of the Church analysis in its further deliberations.

The city approved the Pre-Annexation and Development Agreement, rezoning and project master plan in December of 2007 after Eagle amended its comprehensive plan and gathered public and expert testimony. This culminated the process that began in 2006 with an initial application followed by three heavily attended neighborhood meetings and 39 subsequent public hearings and meetings with the city. While the final agreement may not have included or addressed certain aspects that were highly prized by each of the many stakeholders, it did significantly alter portions of the original development plan, and the long and sustained process brought forth the necessary changes that earned unanimous support from the Eagle City Council.

Eagle annexed the M3 development on November 10, 2009. This landmark event allowed the developer to proceed with master traffic studies, additional annexations into municipal districts and numerous other planning processes that would bind it to the city and its infrastructure. Eagle roughly doubled in size upon annexation, with a master plan calling for three elementary schools, a middle school and high school, public library, two fire stations and a police station all to be built on land donated by M3. The timeframe for the full rollout of the community ranges between 20-35 years, with capital infrastructure development accompanying community demand. Annexation provides Eagle additional property tax revenues, however the extent of their impact remains contingent upon growth and economic development.

As the process unfolds, additional obstacles remain and will challenge long-standing stakeholder assumptions on numerous complex issues—two of the most significant and far-reaching being water and land use. The developer became embroiled in a dispute with the Idaho Department of Water Resources over their request for a water right, with the department ruling against the initial request in December 2009. M3 had requested that it be allowed to tap 23.18 cubic feet of water per second to supply the 17,000 residents who could one day reside in the 7,153 planned residences, securing an initial water right for the entirety of the development. The agency

denied this request and M3's subsequent request for reconsideration, and granted a lesser water right for the initial planning area with subsequent rights reviewed and granted as the development and roll out of planning areas proceeded. On January 25, 2010, Interim Director Gary Spackman produced an amended final order giving M3 approval for a water right with total flow rate diverted under the right not to exceed 3.28cfs. along with the total annual volume diverted to not exceed 923 acre-feet. M3 countered in the February 23, 2010 *Idaho Statesman*: "The hearing officer made an error, despite the overwhelming evidence provided that there is adequate storage of water in the underlying aquifer." An agreement signed on January 19, 2011 between M3 and the Idaho Department of Water Resources has opened the door for the City of Eagle to obtain a Reasonable Anticipation Future Needs Permit, a 30-year authorization that can only be issued to a municipality. M3 and Water Resources would have 60 days to work out the details under which the permit would be issued. If an arrangement is not reached, Jeff Peppersack, head of the department's water allocation bureau said the agreement "could still fall apart." Upon transference of M3's water permit to the city, the two sides would ask the Idaho District Court to dismiss M3's February 2010 lawsuit appealing Water Resource's rejection of the original water rights request and send the case back to Water Resources for a new decision.

Along with the water right dispute there remains continued debate over proposed land swaps between the BLM and M3. M3 owns a number of parcels of land in Idaho that could be traded for BLM landholdings in any number of configurations deemed beneficial to the company and BLM. These swaps have the potential to affect public use patterns and re-shuffle the groups that would most benefit from them. Any proposed swap of BLM lands around Eagle would rely on the completion of environmental impact studies and adherence to the "no net loss" provision within the development agreement with Eagle. In January of 2011, M3 revealed the foothills development previously referred to as M3 Eagle would be called Spring Valley in recognition of the McLeod family ranch from which most of the land was purchased. M3 is currently working on detailed planning for the infrastructure required for this first phase of the development, which is projected to begin late 2012 or early 2013, contingent upon market conditions.

The M3 Eagle development is just one example of the complex challenges surrounding growth and development that face Idaho communities. At this time, the process is still unfolding as issues of water rights, BLM land, endangered species and many other questions remain. The sheer number of interests and parties involved complicates matters but cannot be discounted

or taken for granted. Changes in the political sphere may also affect the decision-making process and rearrange preferences. In October of 2010 Eagle swore in a new mayor, and it remains to be seen what change this will bring to public policy and the city's relation with the M3 development. While the M3 project has gathered support through the years, there still remains a vocal opposition to the development and some assumptions remain contested. Although city leaders and their publics may hold clear visions of the shape and nature they desire their communities to possess in the future, reconciling the demands of growth and its inherent private and public interests will remain a challenge.

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**Roman Lewis** graduated in 2010 with a master's of public administration degree. He previously obtained a BS in political science from Boise State University. While studying for his MPA, he worked as a research assistant focusing on democratic institutions and collaborative governance.