

**MINUTES OF THE SPECIAL MEETING
OF THE AMES CITY COUNCIL**

AMES, IOWA

JANUARY 15, 2008

The Ames City Council met in special session at 5:15 p.m. on the 15th day of January, 2008, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor Ann Campbell presiding and the following Council members present: Doll, Goodman, Larson, Mahayni, Popken, and Rice. *Ex officio* Member Luttrell was also present.

WORKSHOP ON THE 2008-2013 CAPITAL IMPROVEMENTS PLAN (CIP): Mayor Campbell stated that tonight's meeting would serve as a workshop for the Council members to hear staff presentations on the recommended five-year CIP.

City Manager Steve Schainker explained that the CIP is a program-based plan consisting of construction projects, equipment purchases, and certain studies. He said that the document provides a description, funding plan, and location of every CIP project planned for the next five years; it totals \$239,898,127. Of that total, \$9,247,672 is earmarked for Public Safety improvements; \$159,874,345 for Utilities improvements; \$60,356,410 for Transportation improvements; and, \$10,419,700 for Community Enrichment projects. He told the Council members that they will not be asked to make any decisions on this document at this meeting. Public input will be received at the City Council meeting of January 22 beginning at 7:00 p.m.

Public Safety.

Chief Cychosz explained that the Mobile Data Terminals for Fire and Police Vehicles will be delayed and experience a cost change due to a FEMA-sponsored grant, which was applied for by the Fire Department, not being awarded to Ames. It is anticipated that the City will continue with this project for the Police Department; Fire Department vehicles will be equipped at a later date. A corrected Page Ten (10) will be forwarded to the City Council.

The Police Chief also detailed the need for a new Document Imaging project for the Police Department. Previous funding allowed for the consolidation of emergency communications among the City, Story County, and Iowa State University, and those three parties would like to move ahead to jointly fund a new document imaging system to facilitate the sharing of law enforcement records.

Pertaining to the Outdoor Storm Warning System project, Chief Cychosz advised that the City had been replacing one siren per year; however, the system is reaching the end of its useful life. In addition, Iowa State University will be installing a modern system that will not be compatible with the City's older equipment. In order to ensure reliability and to promote redundancy with the ISU system, replacement of the City's outdated equipment has been included in the first year of the CIP. Chief Cychosz stated that some of the newer sirens will still work with the new system.

City Manager Schainker reviewed the Fire Department projects: Fire Apparatus Replacement, which will experience a cost change; and Fire Station #1 Renovation, which will entail repairs of the rear drive at Fire Station #1.

Public Works Director John Joiner noted that most of the traffic improvement locations shown in the document are consistent with previous CIPs. The locations and prioritization listed

could be modified based on the update to the Transportation Plan as scheduled in the Engineering Studies.

Mr. Joiner briefed the Council on a new project: Northeast Area Regional Commercial Improvement (East 13th Street Shared Use Path), and continuations of existing projects: U.S. 69 Intersection Improvements; Shared Use Path System Expansion; the Pedestrian Walkway Program; Railroad Crossing Safety Improvements; Traffic Signal Program; Traffic Engineering Systems, which includes the cost of the Transportation Plan Update in 2008/09 (including the Transportation Model Calibration); and West Lincoln Way Intersection Improvements, which will see a delay in the Franklin Avenue/Lincoln Way intersection improvements until 2009/10.

Utilities.

Public Works Director Joiner introduced a new recycling initiative, the Non-Ferrous system for the Resource Recovery Plant. He explained that, through the assistance of a Department of Natural Resources low-interest loan, it is hoped that the Plant can be modified to allow the City to remove copper, brass, stainless steel, and aluminum from the waste stream. That will reduce landfill costs and increase revenue from the additional sale of metals. He also stated that there would be a cost change, due to updated estimates, to the Resource Recovery System Improvements for new and replacement components and equipment.

Mr. Joiner also detailed Water System Improvements, which will replace water mains in areas that are experiencing rusty water problems; Low-Point Drainage Improvements, an annual program for drainage improvements to decrease flooding at low points; Storm Sewer Intake Rehabilitation Program for repair or replacement of deteriorated storm sewer intakes; and, Storm Sewer Outlet Erosion Control, which allows for stabilization of areas that have eroded due to discharges of the storm sewer system into streams, channels, swales, or drainage ways.

Another first-time project, the Storm Water Facility Rehabilitation Program, was explained by Mr. Joiner. He said that certain storm water cells have filled with sediment and/or vegetation need to be cleaned in order to remain operational.

Lastly, annual programs were explained by Mr. Joiner, including Sanitary Sewer Rehabilitation and Clear Water Diversion.

John Dunn, Director of Water and Pollution Control, explained that the key forces behind all of the projects in this CIP were increasing peak demand, aging infrastructure, and improved safety and reliability. He explained the Raw Well Water Loop Line, a project currently underway. Specific details were given on the Water Plant Expansion. Due to increased seasonal peak demand, it is anticipated that plant capacity will be reached in 2012. It is estimated that construction will take five years; therefore, in 2008/09, an alternatives analysis will be completed to explore options, e.g., renovating the existing plant, constructing a new plant at the existing site, construction of a new plant at a new site, or some combination of those three options. Mr. Dunn presented the worst-case scenario relating to the need to expand/renovate the existing Water Plant. The estimated cost is over \$29 million. Funding will come from the Water Fund and Water Revenue Bonds. The impact to rates will be significant: User fees could have to almost double to cover the construction debt.

Discussion ensued as to how long the City experiences peak demand. Mr. Dunn advised that it appears from data collected that it lasts for approximately one week. City Manager Schainker stated that the City will continue to aggressively market its conservation campaigns to reduce peak usage at the same time as options for expansion of the Plant are being evaluated.

Well Replacement, Repainting of the Bloomington Road Elevated Tank, and Water Supply Expansion to develop the Interstate 35 Well Field were described by Mr. Dunn.

Mr. Dunn described the new Water Pollution Control (WPC) Plant Disinfection project. This project is in support of the Iowa Department of Natural Resources' Use Attainability Analysis of the South Skunk River, which determined that the segment where the City discharges can support "primary contact." He also explained the WPC Plant Facility Improvements, which involve annual equipment repairs, maintenance, replacement, and upgrades.

Another new project, WPC Plant Residuals Handling Improvements, was detailed by Mr. Dunn. He said the improvements are an expansion of the previously identified Biosolids Storage/Thickening project and is being considered because the solids handling equipment is reaching the end of its useful life and future regulations will require a higher level of nutrient removal.

Regarding the WPC Plant Automation Upgrade (Phase II), Director Dunn said that a team of Plant personnel and an engineering consultant had reviewed the original system and determined that complete replacement and phased transition to a new Programmable Logic Controller-based system was the best option. That project will be delayed until 2009/10.

Mr. Dunn lastly explained the WPC Plant Alternate Energy project, which provides for an evaluation of alternative energy options, has been delayed until 2010/11. The recommendations on whether or not to proceed with any specific option will depend on the outcome of the financial feasibility study and on the fiscal priority relative to other projects.

Electric Services Director Don Kom advised that the report from consulting firm Burns and McDonnell had not yet been received regarding the most-cost-effective and environmentally sensitive options for meeting customers' needs. Absent those recommendations, staff had included a two-part strategy in the CIP: (1) numerous new projects have been added to maintain Unit #7, Unit #8, and gas turbines to keep them functioning well in order to retain the current installed capacity of 153 MW; and, (2) construction of a new 25 MW unit that will burn natural gas and/or some alternative energy source or the purchase of additional capacity from an outside utility (Base Load Generating Capacity). Mr. Kom emphasized that once the consultant's recommendations are reviewed, the City Council may choose to modify the CIP to reflect a more preferred strategy.

Also described by Mr. Kom were the following projects: Unit #8 Nitrogen Oxide Control Capital. He explained that in addition to the capital investment, Electric Services will have to purchase a substantial amount of Nitrogen Oxide allowances each year to comply with EPA guidelines. Mr. Kom also stated that new EPA rules require monitoring of mercury emissions by December 31, 2008. A Continuous Emission Monitoring System is required if a unit emits more than 29 pounds of mercury/year; Unit #8 emits 35 pounds of mercury/year; therefore, the Unit #8 Mercury Continuous Emission Monitoring System will need to be accomplished in 2008/09.

Mr. Kom gave the history of the Mid-American Energy Co. Interconnection and Upgrade Alliant Utilities Interconnection Project. The 161 kV interconnection is essential to provide Ames with needed transmission capacity and to satisfy the current and future needs of the City's customers. This project will have a cost increase due to updated construction costs.

Showing a cost decrease is the Base Load Generating Capacity project, which is due to the benefits of demand-side management and maintenance of existing equipment. Cost estimates now reflect either purchasing 25 MW of capacity from a new coal plant or constructing a 25 MW natural gas-fired unit locally. Director Kom stated that preliminary results in the Burns and McDonnell Study indicate that Units #7 and #8 should be retained under any scenario; maintaining the existing capacity of current equipment is crucial. He gave four alternatives that are being recommended, by the Burns and McDonnell Study, for exploration: (1) re-powering Units #7 and #8, (2) entering into a partnership or long-term contract with an outside utility, (3) building a new unit(s), or (4) a combination of those options.

According to Mr. Kom, Unit #7 Nitrogen Oxide Control Capital will be delayed until 2008/09 and experience a cost change.

Mr. Kom described new projects: (1) Unit #8 Boiler Tube Repair, which will replace the bottom 50 feet of the boiler. During the repair, power will have to be purchased. (2) Downtown Network 4kV to 13.8kV Conversion, which is a multi-year project to replace failing transformers and cable in the Downtown 4kV network. (3) Cyber Security Risk Assessment, which calls for outside engineering services to perform an assessment, perform a North-American Electric Reliability Corporation compliance gap analysis, and a Midwest Reliability Organization (MRO) audit-preparedness assessment. These studies are to help Electric Services prepare for an on-site audit by the MRO, currently scheduled for 2010. (4) Street Light and Line Relocations, which is being coordinated with Public Works' road improvement projects. (5) Unit #7 Precipitator Enclosure to protect it from below-freezing temperatures. (6) Unit #7 Mercury Capital, which may be needed in 2009/10. (7) Gas Turbine #1 Inspection and Overhaul, with the engine and free turbine to be inspected and possibly overhauled in 2009/10, and the generator, in 2010/11. (8) Ames Plant 69kV Switchyard Relay and Control Replacement, with work proposed to be performed in conjunction with the proposed expansion of the Plant Distribution Substation in 2009/10 and 2010/11. (9) Power Plant Fire Protection System, with installation of recommendations to begin in 2009/10. (10) Unit #8 Feedwater Heater Tube Replacement. Due to copper loss on the units, re-tubing will be necessary starting in 2009/10. (11) Unit #8 Turbine Generator Five-Year Overhaul will need to be done in 2010/11. (12) RDF Bin Work to repair and/or replace major components on the refuse-derived fuel bin will be required in 2010/11. (13) Ames Plant Distribution Substation Expansion to add a second distribution transformer and metal-clad switchgear next to the existing substation will be done in 2010/11. It also includes the necessary feeders and provides additional system reliability and service to growing commercial areas near Dayton Avenue and 13th Street and South Duff Avenue. (14) Unit #7 Boiler Tube Repair will be required in 2011/12.

It was stated by Mr. Kom that the Top-O-Hollow Substation Motor Operated Switch Addition to add switches and related equipment that will improve reliability of 69kV transmission service to the substation will see a cost change.

Additional details on the Demand-Side Management Energy Conservation Program were given by Director Kom. He said that the Demand-Side Management Conservation Programs have been increased by \$600,000 over the next five years (total of \$3,800,000) for various incentives to help reduce electric consumption. This Program helps educate the public on the need for electricity conservation and provides rebates. During the first seven months of the Program, air conditioning rebates have exceeded the City's expectations. The vast majority of the requests are coming from residents replacing old less-efficient air conditioners. Mr. Kom said that there are additional programs under consideration, one of which is the mandatory participation of residential customers in Prime Time Power. It is a very efficient program when the need to curtail the peak demand arises.

Mr. Kom also briefed the City Council on the Supervisory Control and Data Acquisition (SCADA) System, which will see a cost decrease.

Regarding wind energy generation, Director Kom advised that Electric Services is currently involved in a project with several other municipalities to look at investing in a wind project. The project is structured to make tax credits available for developers to generate energy using wind. Tax credits do not provide a benefit to cities, so they typically work with the developer; the developer benefits from the tax credits and cities benefit from the wind-powered energy generation. The developer will put in a wind farm and cities will purchase the energy resulting from it on a cost/megawatt hour basis. It is considered an energy cost as opposed to a capital cost for cities. Eventually, there might be opportunities to convert from being a purchaser of electricity to being an owner; however, that is after the initial construction of the wind farm. Mr. Kom stated that the City is being very aggressive about the possibility of wind being a good resource for generation of energy. He advised that the Electric Utility and Operations Review and Advisory Board (EUORAB) has asked the Electric Utility to look at 10% of future energy requirements to come from wind and other renewables by 2015.

The meeting recessed at 7:08 p.m. and reconvened at 7:16 p.m.

Transportation.

Public Works Director Joiner described the following projects: Arterial Street Pavement Improvements, CyRide Route Pavement Improvements, Collector Street Pavement Improvements, which will include 20th Street (Grand Avenue to Duff Avenue) in 2008/09; Asphalt Resurfacing; Neighborhood Curb Replacement Program; and Downtown Street Pavement Improvements, with Burnett Avenue from Main to Seventh Street being done in 2008/09.

Mr. Joiner described a new project, Retaining Wall Reconstruction, will commence in 2008/09 with Bloomington Road being the first priority. Also a new project, Asphalt Pavement Improvement Program, will start in 2008/09, with Arizona Avenue being done first.

Also described were the following projects: South Dakota Avenue Widening (Lincoln Way to Mortensen Road), Grand Avenue Extension project, which will continue in 2010/11 and 2011/12; Concrete Pavement Improvements, to remove and replace deteriorated concrete street sections; and, Seal Coat Removal/Asphalt Reconstruction Program that provides for removal of built-up seal coat from streets and replacement with asphalt surface.

Mr. Joiner continued by describing the Airport Improvements, which includes the rehabilitation of runways, taxiways, and west apron, and the reconstruction of internal vehicle circulation and parking lot, and the replacement of the Terminal Building. Lastly, he described City Hall Improvements.

It was also noted that the majority of the local financial support for repairing or extending major arterial streets comes from General Obligation Bond proceeds. The proposed CIP calls for \$28,745,633 (over the next five years) for this purpose. That total represents an average of \$5,749,127/year as compared to \$5,891,127/year in the current CIP.

Lastly, in the first year of the Plan, an Alternative Analysis for CyRide will be conducted as a follow-up to the Transit Feasibility Study that was completed in May 2007. The Analysis will detail the feasibility of a Bus Rapid Transit service from Iowa State Center to the ISU Campus.

Transit.

Transit Director Sheri Kyras advised that three large vehicles/year will be replaced under the Vehicle Replacement program. Mini-buses will also be replaced in 2008/09, 2009/10, and 2010/11. She also explained the Building Expansion and Modernization of the CyRide facility.

A new project described by Ms. Kyras was an Alternative Analysis to be performed on a Bus Rapid Transit service that would increase capacity and comfort on the route from Iowa State Center to Campus. A federal grant has been secured for this detailed analysis; it will pay for 80% of the cost..

Ms. Kyras further described the CyRide Shop and Office Equipment, which will allow for the purchase of smaller capital items for the shop and office; Bus Stop Improvements, to add shelters, benches, concrete pads, and lights; Automatic Vehicle Location (AVL) Technology, which will enable CyRide to track the exact location of buses; and the Resurfacing of Commuter Lots at Iowa State Center.

Community Enrichment.

Nancy Carroll, Director of Parks & Recreation, stated that this CIP reflects the Donald and Ruth Furman Aquatic Center: \$3,210,000 will be spent in FY 2007/08 for surveying, soil testing, excavating, designing and construction a portion of the facility. The remaining \$6,278,000 will be expended in FY 2008/09 to complete the construction and pay for construction inspection fees. It is expected that this project will go out for bids at the end of February, and it is hoped that construction will begin in April.

Municipal Pool Maintenance was described by Ms. Carroll; the expenses are split 50/50 with the School District. These repairs are necessary to keep the facility, which is over 40 years old, operational for a minimum of eight to ten additional years. The Replacement of the Boilers, originally set for 2008/09, has been moved back to 2010. They have been inspected, and the evaluation is that they will not need to be replaced for two more years. This is good news since the Pool will not need to be closed again next summer. The Pool is safe and continues to accommodate the public.

Ms. Carroll also informed the Council that, since opening Ada Hayden Heritage Park, it has been

determined that the fishing pier (south of the shelter) is inadequate to accommodate the many visitors who take advantage of this amenity. It is hoped that the City will receive a Department of Natural Resources grant in the amount of \$80,000 that will allow for the construction of a larger, permanent overlook/fishing pier along the north shore of the Park in FY 2008/09. It was noted by Ms. Carroll that the project to construct a shelter house and restroom at the Gateway Administrative Office site is not going to occur because it will not fit in the amount of space available. If the grant application for the fishing pier is not successful, monies allocated for the shelter house/restroom would be used for the Hayden Park pier.

Council Member Larson asked if the pier would be a boat landing also. Ms. Carroll said that it will be 100 - 120' in length and will cantilever over the water by varying widths (at the most about 8 to 10'). It is more than a fishing pier; it is also an overlook feature that will have benches along the sides. According to Ms. Carroll, it will be similar to that which has been constructed along the Raccoon River in West Des Moines. She pointed out that the Raccoon River Park is also an abandoned quarry. Mr. Larson said that there are launching facilities, but he had heard from people who wish that there would be places where canoes, sailboats, etc., could dock. According to Ms. Carroll, with the current docking area, the depth of the water and the drop-offs made it difficult to get it anchored. Council Member Rice said that the concrete boat launch scrapes the bottom of the boats; he knows that from personal experience. Ms. Carroll said that the pier had not been formally designed yet, and she appreciated the input.

Parks and Recreation Facility Improvements, Playground/Park Equipment Improvements, and Tennis Court Improvements were highlighted by Ms. Carroll.

Also, according to Ms. Carroll, in order to determine the facility opportunities of two of the City's existing buildings, a Facility Assessment is scheduled for the Carr Pool bathhouse/concession and the Gateway office building.

Ms. Carroll said that the Interactive Fountain remains in the CIP (in 2010/11). The City hopes to engage in good community dialogue about this project to determine the best possible location. Council Member Goodman raised the question of whether the wading pool at Brookside Park will be maintained. Ms. Carroll said that her perspective is that the wading pool will be less viable after the new Aquatic Center is built; however, more direction from the Council will be needed.

According to Ms. Carroll, construction of a Bike Park has been delayed until 2012/13. During the next few years, staff will research engineering firms that have significant experience in designing bike parks to evaluate potential locations where such a facility could be located. Public interest will also be ascertained during that time period. Funding sources would need to include private contributions in the amount of at least \$100,000.

An update on the Dog Park was given by Ms. Carroll. She reminded the Council that they had allocated \$100,000 to that project provided that the Friends of the Ames Dog Park raise \$50,000, and that group has been working diligently. Ms. Carroll will have further updates in the near future.

Library Director Art Weeks explained the Air-Conditioning System Replacement project that will be done in 2008/09. New projects described by Mr. Weeks were: Exterior Building Repair and Skylight Replacement. Floor Covering Replacement will occur in 2011/12.

Mr. Weeks also advised that recently a consultant had recommended that the Library needs a 94,000 square foot building to adequately serve its customers. He stated that the current building is comprised of 50,000 square feet with only approximately 37,000 square feet being usable. It is hoped that options and sites for Library expansion will be formulated in the future.

Mr. Schainker pointed out that the commercial and residential neighborhoods benefit from the CIP. He specifically highlighted the Downtown Facade Program and the Neighborhood Improvement Program. Ten properties in the Downtown have been improved through the Facade Program, and the Neighborhood Improvement Program have funded 101 projects (including physical improvements, facilitation of Code enforcement, and the printing and distribution of neighborhood newsletters).

Fleet Services Director Paul Hinderaker described Building Maintenance and Improvements that are needed at the City Maintenance Facility. A shared shop addition is being proposed for 2011/12, which will allow the combination of the three separate shop areas that currently exist in each division into an isolated shop. This would also reduce or prevent tool and equipment redundancies between City divisions.

Projection of debt capacity was explained by Finance Director Pitcher. He pointed out that there is a summary of major bond issues contained in the CIP document. Mr. Pitcher defined abated G. O. Bonds. Mr. Schainker explained that all bonds issued for utility capital improvements are not abated because the City has a debt limit for essential corporate purpose bonds, and it does not want to use up all of its debt capacity on only utility bonds. He also stated that it is important for the City to retain its AAA bond rating; that yields the City a lower interest rate, which saves the taxpayers money.

ADJOURNMENT: Moved by Doll, seconded by Goodman, to adjourn the meeting at 8:05 p.m.

Diane Voss, City Clerk

Ann H. Campbell, Mayor