

MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

MARCH 15, 2011

The Ames City Council met in special session at 7:00 p.m. on the 15th day of March, 2011, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor pro tem Riad Mahayni presiding and the following Council Members present: Davis, Goodman, Orazem, and Wacha.

REQUESTS FOR MARY GREELEY MEDICAL CENTER'S HOPE RUN FOR HOSPICE ON JUNE 11, 2011: Council Member Davis asked staff for more information regarding a conflict in the downtown area which caused organizers to change the route. Assistant City Manager Sheila Lundt said the route for Hope Run used to be the same as the Midnight Madness route. She said there is concern from Wheatsfield Cooperative again, who is not in favor of closing the street. Ms. Lundt said they are hoping the new route will be more scenic. Ms. Lundt also said that in the future, the Main Street Cultural District (MSCD) will be actively supporting events that it is involved in and would like to be notified of other events as well, though it will not be forming an opinion on those events.

Moved by Davis, seconded by Wacha, to adopt RESOLUTION NO. 11-089 approving closure of portions of Mortensen Road, State Avenue, Lettie Street, South Wilmoth Avenue, Tripp Street, Beedle Drive, Lincoln Swing, and Abraham Drive.

Roll Call Vote: 5-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 11-090 approving waiver of the Road Race fee.

Roll Call Vote: 5-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

RESOLUTION APPROVING PRELIMINARY PLANS AND SPECIFICATIONS FOR 2010/11 DOWNTOWN PAVEMENT IMPROVEMENTS; SETTING APRIL 6, 2011 AS BID DUE DATE AND APRIL 12, 2011, AS DATE OF PUBLIC HEARING:

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 11-091 approving preliminary plans and specifications for 2010/11 Downtown Pavement improvements; setting April 6, 2011, as bid due date and April 12, 2011, as date of public hearing.

Roll Call Vote: 5-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

WORKSHOP ON WATER, SANITARY SEWER, AND STORMSEWER: Assistant City Manager Bob Kindred said that the Council has discussed needs and funding for utility operations and major capital projects on multiple occasions over the last year, and included in the budget that was recently approved was the revenue that will be needed to fund the operations and capital improvement projects in the coming year. Mr. Kindred said staff will again review the rate changes that are coming and discuss the storm sewer fee preliminary to the drafting of an ordinance that will put the rate changes into effect July 1, 2011, and then Finance Director Duane Pitcher will review the net impact to typical customers in the coming year. Mr. Kindred said the Council may proceed by directing staff to prepare the ordinances that are anticipated.

Water and Pollution Control Director John Dunn said that a year ago the Council had a workshop to review water and sewer rate information, utility rate trends of other communities, fund balance projections, and the pattern of rate increases that will be needed over the next years to fund the projects. He said that everything is currently moving along the same path, with a few minor changes.

Mr. Dunn highlighted the trend for drinking water and sewer rate increases, both of which Iowa leads the national average. He also reviewed what ten years out would look like with no rate increases, and emphasized that there is a clear need for revenue adjustments if the City will proceed with the projects in the Capital Improvements Plan (CIP). Mr. Dunn showed the pattern of rate increases over the next four years as projected in March of 2010, which included a rate increase of 10% for water and 9% for sewer in the 2011-12 fiscal year. With these increases, rates would go from being slightly below the statewide median to slightly above the statewide median for about a four year period, then back down below the median.

Mr. Dunn told the Council that since those projections were shared, there have been some notable changes that are impacting the rate projections. The changes regarding drinking water include flatter projections for operating expenses, and a delay in timing of the Water Plant project due to land acquisition challenges. For waste water, acceleration of the sanitary sewer evaluation, as well as the addition of the Water & Pollution Control Long Range Facility Plan are notable changes. With these factors considered, Mr. Dunn told the Council that the rate projections are being changed. For fiscal year 2011-12 water rate increases are now projected at 8%, and sewer rate increases are now projected at 10%.

Mr. Dunn said the delay in acquiring the land for the Water Plant is helpful in the short term, in the sense that there is more time to generate a fund balance reserve before the project is started. However, the delay is also now a concern because the method of funding was to be through the State Revolving Fund (SRF). However, the federal budget proposed includes a 40% reduction in SRF funds. Mr. Dunn said if the City is not able to use the low-interest SRF loans, that could have a significant impact on the cost of the project for the rate payers.

Mr. Dunn gave an update to the Council on the land acquisition. Mr. Kindred told the Council that City Manager Steve Schainker and Mayor Ann Campbell are in Washington, DC to speak with legislators regarding the SRF. He said that if revenue bonds were issued to fund the project, the rate increases would need to be much higher. Mr. Dunn said the City is on the state's intended use plan for the SRF, but that is not a loan commitment. He said there is an approved loan application for the planning and design phase services that will not be executed until the land acquisition is complete. Mr. Dunn said there is no firm loan commitment and there will not be one until after bids have been submitted and the City is ready to award a construction contract, which is approximately 18 months away.

Mr. Dunn said the next steps would be to revise ordinances reflecting an 8% increase in water rates, and a 10% increase in sewer rates with the first reading on April 12, second reading on April 26, and third reading on May 10. He said the new rates would be effective for consumption beginning June 1, which would be reflected in bills being mailed beginning on July 1, 2011.

Moved by Davis, seconded by Wacha for staff to draft an ordinance based on the recommendations to increase water rates 8% and sewer rates 10%. Council Member Goodman asked if the fund should be built up in anticipation of large projects. Mr. Dunn said that could be the case, or rates could be increased in order to fund specific projects. Mr. Kindred said the philosophical question is whether or not today's rate payers should pay for the improvements that will be made in the future. There was discussion on the issue. Council Member Goodman asked about the life of a water plant. Mr. Dunn said a water plant can last at least 50 years, and that the current plant is 86 years old.

Vote on the Motion: 5-0. Motion declared carried unanimously.

Mr. Kindred reviewed the Council's effort to move stormwater billing from a uniform monthly fee per

utility account to a billing system that is based on impervious area. He said that on November 23, 2010 the Council took action to implement a 15% increase in the first year and to phase in the residential contribution difference over a 5 year period, beginning on July 1, 2011. Mr. Kindred said that staff does not believe there is now enough time for educating the public, and for impacted property owners to plan for the proposed increase, and is recommending delaying implementation of the shift to an ERU system based on impervious area until July 1, 2012. He told the Council that in the interim, it is being recommended that the monthly stormwater fee be increased to \$3.45 per utility account in order to generate the revenue needed to address our capital improvement needs beginning in FY 2011-12.

Council Member Davis asked why a 15% increase was chosen. Mr. Kindred said that no matter which fee structure is chosen, a 15% increase across the board is needed.

Council Member Orazem said he was concerned that the publicly owned property is not represented correctly. Mr. Kindred said there is no set way this must be done, and said this is based on what staff understood from the discussion in November. He said if the Council would like staff to re-explore any elements of this, then he would recommend giving staff that direction now so that decisions can be made. Mr. Mellies said ideally there would be plenty of time to educate the public, since for some customers, this change will be drastic.

Council Member Goodman reviewed the discussion from November, and stated that the new billing method will be more equitable, and that he likes the five year time period to phase in the difference.

Moved by Goodman, seconded by Wacha, to approve Alternative 3, delaying implementation of the shift to an ERU system based on impervious area until July 1, 2012, and directing staff to prepare an ordinance to increase the monthly stormwater fee to \$3.45 per utility account beginning July 1, 2011. Council Member Wacha wanted verification that Alternative 3 includes the implementation of the ERU based system with a minimum charge per account as stated in Alternative 1. Mr. Kindred verified that the only difference between Alternatives 1 and 3 is delaying implementation of the ERU system based on impervious area until July 1, 2012.

George Covert, 3000 Northridge Parkway, Ames, thanked the City Council for taking action and moving forward on the issue.

Vote on Motion: 5-0. Motion declared carried unanimously.

Finance Director Duane Pitcher reviewed the combined utility bill sample calculations. Mr. Pitcher said there is no "typical" customer, so time is needed to address the significant increases to some customers.

Mr. Kindred said that in the future, staff is hoping to create a means for customers to go online and click on their property to see what the change to their bill will be.

Member Orazem asked if the percentages on page two of the Council Action Form could be adjusted to reflect the City's impervious area. He said he feels that if the public property was included, the shares of imperviousness would be more fairly represented. Discussion ensued on the "fairness" of the distribution.

Mr. Kindred said staff can distribute examples based upon Council Member Orazem's spreadsheet for information purposes. Mr. Mellies said staff will recalculate the figures to include rights-of-way.

COMMENTS:

Council Member Mahayni asked Mr. Kindred for an update on Food Service Inspections. Mr. Kindred said the public forum was held with food service providers in the community, and 12 people came to share their views. He said this input will be brought to the Council with the survey results next week. Mr. Kindred also said that he and the Mayor are still working with the delegation in Des Moines for the City to retain the option to continue with Food inspections.

Moved by Wacha, seconded by Goodman, to refer to staff a letter from the Iowa Department of Transportation regarding its plan to patch portions of Interstate 35.

Vote on Motion: 5-0. Motion declared carried unanimously.

Moved by Wacha, seconded by Davis, to refer to staff the letter from Pat Brown regarding privately funded landscaping of the median between Ames Community Bank and Applebee's.

Vote on Motion: 5-0. Motion declared carried unanimously.

Council Member Goodman said that it is encouraging when people want to improve their commercial property.

ADJOURNMENT: The meeting adjourned at 8:00 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

Erin Thompson, Recording Secretary