

MINUTES OF THE REGULAR MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

APRIL 10, 2012

The regular meeting of the Ames City Council was called to order by Mayor Pro Tem Larson at 7:00 p.m. on April 10, 2012, in the City Council Chambers in City Hall, 515 Clark Avenue. Present from the Ames City Council were Davis, Goodman, Larson, Orazem, Szopinski, and Wacha. Mayor Campbell was absent. *Ex officio* Member Finseth was also present.

Mayor Pro Tem Larson announced that the City Council would be working from an Amended Agenda. Two items had been added under Electric to authorize work to begin on the Power Plant Precipitator Wire Replacement Project and on Unit 8 Stack Repair.

PROCLAMATION FOR ADMINISTRATIVE PROFESSIONALS WEEK: Mayor Pro Tem Larson proclaimed April 22 - 28, 2012, as Administrative Professionals Week. Beth McPhail, Karen Thompson, and Mary Jo Tungsveick accepted the Proclamation on behalf of the Ames Chapter of the Iowa Association of Administrative Professionals.

PROCLAMATION FOR FAIR HOUSING MONTH: April 2012 was proclaimed as Fair Housing Month by Mayor Pro Tem Larson. Accepting the Proclamation were John Klaus and Barbara Woods, representing the Ames Human Relations Commission; Cindy Jorgensen, representing Ames Rental Association; and Holly McDonald of Hunziker Property Management. City Housing Coordinator Vanessa Baker-Latimer advised that the City will be partnering with the Central Iowa Board of Realtors, Ames Rental Association, Hunziker Property Management, and the Ames Human Relations Commission on an event to be held on April 17 at Noon and 6 PM to celebrate Fair Housing in Ames.

Moved by Goodman, seconded by Davis, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
2. Motion approving Minutes of Special Meeting of March 20, 2012, and Regular Meeting of March 27, 2012
3. Motion approving Report of Contract Change Orders for March 16-31, 2012
4. Motion approving renewal of the following beer permits, wine permits, and liquor licenses:
 - a. Special Class C Liquor – India Palace, 120 Hayward Avenue
 - b. Class E Liquor, C Beer, & B Wine – Dahl’s Foods, 3121 Grand Avenue
 - c. Class C Liquor – Dangerous Curves, 111 5th Street
 - d. Class C Beer and B Native Wine – Ames British Foods, 429 Douglas Avenue
 - e. Class C Liquor w/ Outdoor Service – Cyclone Experience Network, Hilton Coliseum
5. RESOLUTION NO. 12-169 approving and adopting Supplement No. 2012-2 to *Municipal Code*
6. RESOLUTION NO. 12-170 approving Neighborhood Improvement Project Grant with Old Town/Sunrise Neighborhood Associations
7. RESOLUTION NO. 12-171 approving carry-over of funds to FY 2012/13 for Ames Historical Society regarding Mayors’ Recognition Project
8. RESOLUTION NO. 12-172 authorizing increasing staffing level of sworn police officers on a temporary basis
9. RESOLUTION NO. 12-173 approving preliminary plans and specifications for Unit No. 7 Stack Repair; setting May 23, 2012, as bid due date and June 12, 2012, as date of public hearing
10. RESOLUTION NO. 12-174 approving preliminary plans and specifications for 2010/11 and 2011/12 Asphalt Resurfacing and Seal Coat Removal/Asphalt Reconstruction Program; setting May 2, 2012, as bid due date and May 8, 2012, as date of public hearing
11. RESOLUTION NO. 12-175 awarding contract for RDF Drag Conveyors for Power Plant to Clarke’s

Sheet Metal, Inc., of Eugene, Oregon, in the amount of \$92,414.63

12. Underground Trenching for Electric Services:

- a. RESOLUTION NO. 12-176 awarding primary contract to Ames Trenching & Excavating, Inc., of Ames, Iowa, in an amount not to exceed \$175,500.00
- b. RESOLUTION NO. 12-177 awarding back-up contract to Dig America, Inc., of St. Cloud, Minnesota, in an amount not to exceed \$19,500.00

13. RESOLUTION NO. 12-178 approving contract and bond for Cemetery Grounds Fencing Project

14. RESOLUTION NO. 12-179 approving contract and bond for 2011/12 & 2012/13 Neighborhood Curb Replacement Program

15. RESOLUTION NO. 12-180 approving contract and bond for 2012/13 Water System Improvements Water Service Transfer Contract No. 1

16. RESOLUTION NO. 12-181 accepting completion of WPC Switchgear Facility Switchgear Rehabilitation Project by Ziegler Power Systems of Altoona, Iowa, in the amount of \$28,420

17. RESOLUTION NO. 12-182 approving Plat of Survey for property located at NE 1/4 of Section 29, Township 84, Range 24 (commonly known as 3601 and 3699 George Washington Carver)
Roll Call Vote: 6-0. Resolutions declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

PUBLIC FORUM: Richard Deyo, 505 Eighth Street, #2, Ames, said he only wanted to say three words, "Name Ames Home."

Peter Hallock, 114 Eighth Street, Ames, representing the Historic Old Town Neighborhood Association, thanked the City for approving the Joint Neighborhood Improvement Grant for Street Tree Planting in the Historic Old Town and Sunrise Neighborhoods and for having the Neighborhood Improvement Project (NIP) grant program. He pointed out that the program allows citizens to improve their neighborhoods and conditions throughout the City. Fred Bradner, 1111 Stafford Avenue, Ames, also thanked the Council for allocating funding for the NIP program. In addition, he expressed appreciation for the fencing improvements being done at the cemetery.

No one else came forward to speak, and the Mayor Pro Tem closed Public Forum..

5-DAY CLASS C LIQUOR LICENSE FOR OLDE MAIN BREWING COMPANY: Moved by Davis, seconded by Goodman, to approve a 5-day (April 13 - 17) Class C Liquor License for Olde Main Brewing Company at ISU Alumni Center, 420 Beach Avenue.
Vote on Motion: 6-0. Motion declared carried unanimously.

5-DAY CLASS C LIQUOR LICENSE FOR CHRISTIANI'S EVENTS AT ISU ALUMNI CENTER: Moved by Davis, seconded by Szopinski, to approve a 5-Day (April 21-25) Class C Liquor License for Christiani's Events at ISU Alumni Center, 420 Beach Avenue.
Vote on Motion: 6-0. Motion declared carried unanimously.

PARKING PROHIBITIONS DURING VEISHEA: Moved by Davis, seconded by Wacha, to adopt RESOLUTION NO. 12-183 approving parking prohibitions on a portion of Chamberlain Avenue during VEISHEA.
Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

HEARING ON 50-YEAR LEASE WITH IOWA STATE UNIVERSITY (ISU) FOR

PLACEMENT OF A GOLF MAINTENANCE FACILITY ON THE SOUTHWEST PORTION OF MOORE MEMORIAL PARK: Mayor Pro Tem Larson opened the public hearing.

George Serovy, 2827 Greensboro Drive, Ames, expressed his dismay over the possible approval of a 50-year lease that would allow ISU to build a golf maintenance shed on the southwest edge of Moore Memorial Park. Mr. Serovy said that, in his opinion, the proposed shed will completely obliterate the view of the Park for walkers in that area. He summarized the past three public meetings dealing with this topic. He noted that the shed will be approximately 5,000 feet; however, the proposed area to be leased will total nearly 12,000 -13,000 square feet. Mr. Serovy believes that the shed will ruin that part of the Park.

It was pointed out by Mr. Serovy that the following persons had spoken against the proposed lease at past meetings: Bill and Laura LaGrange, Virginia Stafford, Dr. and Mrs. Ron Smith, Marcia Imsande, and George and Joyce Serovy. He believes that the Council members should serve in the best interests of the people of Ames, not of Iowa State University or members of the golf course. Mr. Serovy alleged that the ISU golf course is not particularly a good neighbor; they burn off weeds and leave beer cans behind.

John Nervig, 2808 Hampton Street, Ames, spoke as a proponent of the lease, stating that he felt it was the best location for the golf maintenance shed. He pointed out that the golf course is an asset for the entire community, not just Iowa State University. According to Mr. Nervig, there had always been good cooperation between the City and the University, and he hoped that will continue.

Cathy Brown, 2309 Hayes Avenue, Ames, identified herself as a Planner at Iowa State University. She recalled that a question had been raised at a previous City Council meeting about the Northern Natural Gas line located near the proposed site in question. Ms. Brown said that ISU and the City had reviewed the easement and found no specific requirements in the easement. A staff engineer from ISU followed up with a representative of Northern Natural Gas. It is the intent of ISU to follow the Northern Natural Gas standards, which include a 25-foot setback for the building from the centerline of the pipeline. That can be accomplished within the land lease boundaries, either by shrinking the building or shifting the building slightly. Ms. Brown also clarified that the land mass required to support the building requires approximately 12,000 square feet; the building, itself, will be approximately 5,000 square feet, so the total area equates to approximately 17,000 square feet.

The public hearing was closed after no others requested to speak.

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 12-184 approving a 50-year Lease with ISU for placement of a golf maintenance facility on the southwest portion of Moore Memorial Park.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

HEARING ON ADOPTION OF 2011 NATIONAL ELECTRIC CODE: Building Official David Brown advised that there were two minor amendments to the National Code. Those have been unanimously recommended by the Building Board of Appeals. Local contractors had been apprised and voiced no objections.

The public hearing was opened by Mayor Pro Tem Larson and closed after no one came forward to speak.

Moved by Goodman, seconded by Wacha, to pass on first reading an ordinance adopting the 2011 National Electric Code, with State and City of Ames amendments.

Roll Call Vote: 6-0. Motion declared carried unanimously.

HEARING ON 2010/11 AIRPORT IMPROVEMENTS (WEST APRON REHABILITATION):

Mayor Pro Tem Larson opened the public hearing. No one asked to speak, and the hearing was closed.

Moved by Wacha, seconded by Orazem, to adopt RESOLUTION NO. 12-185 approving final plans and specifications and awarding a contract to Godbersen-Smith Construction of Ida Grove, Iowa, in the amount of \$1,256,500.65, subject to receipt of approved FAA grant.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

It was pointed out by Council Member Goodman that airport user fees, not the General Fund, pay for improvements at the Airport..

HEARING ON 2010/11 CONCRETE PAVEMENT IMPROVEMENTS (LINCOLN SWING AND OAKLAND STREET): The hearing was opened by the Mayor Pro Tem. No one asked to speak, and the hearing was closed.

Moved by Szopinski, seconded by Wacha, to adopt RESOLUTION NO. 12-186 approving final plans and specifications and awarding a contract to Con-Struct, Inc., of Ames, Iowa, in the amount of \$739,207.10.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

HEARING ON ZONING TEXT AMENDMENT TO CREATE A SEPARATE LAND USE FOR DELAYED DEPOSIT SERVICE PROVIDERS:

Brian Phillips, Project Manager, advised that regulating and licensing payday lenders are powers reserved by the state; however, cities can determine the conditions and locations in which commercial activity occurs. Mr. Phillips stated that the City has used that provision to set stringent conditions, and when all are applied, there is no location within the City limits where payday lending institutions could legally locate. The City has justified doing so after identifying a number of negative effects that are associated with payday lending. Mr. Phillips specifically noted the supplemental information that had been provided to the City Council and the public showing the findings that other communities have experienced those negative effects. He reported that Ames did not necessarily have had to experience the negative impacts in order for this type of ordinance to be legally defensible.

Council Member Orazem noted that one portion of the supplemental information recommended outreach to inform individuals on how to manage money. He asked how many papers had shown that the type of geographic regulation being recommended actually reduced the use of payday loans. Mr. Phillips said he was not sure, but that there had been a lot of studies that had shown negative effects. Mr. Orazem referenced a paper written by Rebecca Blank that had been oriented towards improving the ability of individuals to manage money; however, she did not recommend geographic restrictions on payday lending institutions. He also asked if there had been substantiated evidence that the negative effects were a direct result of payday lending institutions. Mr. Phillips said that he had no further information other than what had been provided to the Council on the negative effects that had been perceived in other communities. He recalled that the City Council had directed

staff in September of 2011 to draft an ordinance as restrictive as legally possible to limit the locations in which payday lenders could operate.

Council Member Szopinski felt one of the positive outcomes would be the encouragement of other lending institutions to pick up the needs of that population who are being charged 300 to 400% on short-term loans.

Mayor Pro Tem Larson opened the hearing. No one requested to speak, and Mr. Larson closed the hearing.

Mr. Orazem noted that the existing businesses of this type would not be in compliance with the proposed ordinance; they would be grandfathered-in, and “effectively, given monopoly rights on their areas.” Mr. Phillips stated that those establishments would be grandfathered-in because they existed prior to the adoption of a new ordinance. City Attorney Marek confirmed that the existing establishments would be allowed to continue until they had a change of use. Mr. Orazem asked where a new payday lending institution could locate in Ames. Mr. Phillips reiterated that there is no location within the current city limits of Ames that meets the criteria, so no new payday lending institution could locate in Ames if the ordinance is adopted. It was pointed out by Council Member Orazem that the existing businesses would then not face any additional competition.

Council Member Goodman asked how many payday lending institutions currently exist in Ames. Mr. Phillips advised that he believed there were six. Mr. Goodman recalled that there had been near consensus around the dais after a past staff presentation on the subject that payday lending is devastating to the parts of the population that are low-income and sometimes have other issues associated with low economic status. It was pointed out by Mr. Goodman that the City Council had asked for the ordinance to strictly limit future expansion of that type of institutions. He also noted that the six existing businesses are fairly close to each other, and in his opinion, the City would be a long way away from creating a monopoly if the ordinance were passed. Council Member Goodman argued that competition had made it any less devastating to those of low-income levels in any community. Council Member Wacha concurred with that, stating that there had been information provided to allege that the payday lenders were actually together to set the very high interest rates.

Council Member Orazem contended that the proposed ordinance, which would be an absolute prohibition, would not make things better and could make things worse by creating a monopoly for the existing businesses. He recommended removing the Highway-Oriented Commercial district from the regulation. Again referencing the Rebecca Blank paper, Mr. Orazem advised that, if that is not done, it basically locks in monopoly powers for this type of business; that actually raises, not lowers, the rates.

At the inquiry of Council Member Larson, City Attorney Marek advised that state legislation to put restrictions on the interest rate charged has been unsuccessful to date. The time, place, and manner of business is what is left for local governments to regulate.

Moved by Wacha, seconded by Goodman, to pass on first reading an ordinance to create a separate land use for delayed deposit service providers and enacting prohibitions against their locating in Highway-Oriented Commercial or Gateway Overlay Zones or within 1,000 feet of certain specified facilities.

Council Member Orazem again quoted Rebecca Blank's conclusion that additional restrictions will not reduce the cost of short-term credit and may make it worse. He asked if there was any alternative that could stimulate the provision of services from formal financial institutions. Mr. Marek said that some communities, when enacting zoning regulations, have proposed community education and outreach, e.g., partnering with banks and credit unions, to encourage alternative sources of short-term loans. Mr. Orazem noted that Rebecca Blank had recommended that be done and asked if there had been any conversation with any community groups that would be interested in coordinating that outreach. Council Member Wacha stated that there is a group represented by Matthew Covington. He recalled that Mr. Covington had spoken to the City Council when this topic first surfaced. It was stated by Council Member Goodman that the organization is called Iowa Citizens for Community Improvement.

Roll Call Vote: 5-1. Voting aye: Davis, Goodman, Larson, Szopinski, Wacha. Voting nay: Orazem. Motion declared carried.

Moved by Orazem, seconded by Goodman, to direct City staff to provide a report on what agency the City could partner with, what it would cost, and what would be involved in starting an outreach program to help at-risk households to learn about alternatives at community banks.

Vote on Motion: 6-0. Motion declared carried unanimously.

POWER PLANT PRECIPITATOR WIRE REPLACEMENT PROJECT: Council Member Larson noted that this project was bid over a year ago and the bidder was willing to honor the bid 18 months later. Electric Services Director Donald Kom explained that there had been two Change Orders at zero cost. The third Change Order to extend the contract through the end of Calendar Year 2012 was in the amount of approximately \$26,000; that reflects their labor cost increase. That is still well within the estimate and budget for both projects.

Moved by Goodman, seconded by Davis, to adopt RESOLUTION NO. 12-187 authorizing work to begin on the Power Plant Precipitator Wire Replacement Project.

Council Member Goodman asked why it had taken so long to begin the project. Assistant Director of Electric Services Brian Trower answered that certain levels of maintenance at a power plant often raise issues that need to be address through legal opinions; that was the case for this one.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

UNIT 8 STACK REPAIR: Moved by Davis, seconded by Wacha, to adopt RESOLUTION NO. 12-188 authorizing work to begin on Unit 8 Stack Repair.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

The meeting recessed at 8:04 p.m. and reconvened at 8:12 p.m.

SE 16TH STREET TAX ABATEMENT PROJECT (tabled from March 27, 2012): Planning and Housing Director Steve Osguthorpe noted that the Deery Brothers' intent is to subdivide the land in question into three lots and construct a car dealership on the middle lot. He recalled that, on February 28, 2012, staff initially reported on the request from Brad Deery to consider granting tax abatement for development at the southwest corner of Southeast 16th Street and South Dayton Road to offset some of the expense of excavation and fill to allow for the development on the property.

At that meeting, the City Council had directed staff to develop a policy establishing qualifying criteria for an economic development tax abatement area that would specifically include the following criteria:

1. Property located along Southeast 16th Street between South Duff Avenue and Dayton Road
2. The costs for raising land at least three feet out of the floodway fringe area equal to or greater than the value of the abatement.
3. An Engineer's Certificate showing that raising the land would have no impact on surrounding properties.
4. Any other criteria that staff feels are necessary.

It was pointed out that the list of criteria had been provided to the City Council members in their meeting packets. He reviewed the criteria, as follows:

Criterion 1: Mr. Osguthorpe recalled that, because the Council had directed that the abatement criteria include filling property above the base flood elevation, the only parcels along Southeast 16th Street between South Duff Avenue and Dayton Road that would be eligible are properties wholly or partly within the floodway Fringe zoning overlay district. He brought the Council's attention to the Deery property not being one of the parcels within the Floodway Fringe, as established by FEMA in 2008; however, staff believes this was an oversight on FEMA's part since it is well known that the property has flooded in the past.

Criterion 2: Director Osguthorpe emphasized that the City Council had directed that the qualifying criteria would specifically relate to the costs for raising land at least three feet out of the Floodway Fringe. Because the Deery property is outside of the Floodway Fringe, the Council's direction would not apply to the property in question. In an attempt to fulfill the spirit of Council's direction, staff recommended that the FEMA-established base flood elevation of adjacent properties (884 feet) within the Floodway Fringe be used. The qualifying criterion for this issue references the elevation of 887, rather than three feet above the base flood elevation.

It was also noted by Mr. Osguthorpe that Council had directed that an engineering study be provided showing that raising the land would have no impact on surrounding properties. He pointed out that any filling in the floodplain will have some impact, however small, on surrounding properties that have yet to be filled; therefore, the proposed policy of the Council could never be met. As an alternative, staff proposed to require that an engineer certify that the filling of the land would have no impact on surrounding properties beyond that impact already anticipated in establishing the Base Flood Elevation (a maximum rise of one foot).

Criterion 3. The City Council had directed that the criteria would specifically relate the costs for raising land at least three feet out of the Floodway Fringe to the amount of tax abatement received. This criterion requires an engineer-certified cost estimate of flood protection measures to protect the improvements up to elevation of 887 feet. Working with the City Assessor, staff will provide estimates of the value of the tax abatement based on the three-, five-, and ten-year tax abatement schedules that the City uses for all other Urban Revitalization Programs, which allow the City Council to determine eligibility. Under this Criterion, the estimated abatement value may not exceed the estimated cost of flood protection. However, another possibility is to allow for abatement related

only to the costs of filling to elevation 887, and another possibility would allow for tax abatement regardless of the level of fill brought on to the site.

City Manager Schainker emphasized that the Council's requirement that the cost of fill exceeds the tax abatement benefit received is a qualifying criteria. The calculation is based on the estimated cost for the fill work and projected assessed value of a proposed project. He cautioned that it is possible that, after the abatement is certified by the City Assessor, it might be determined that the actual value of the improvements or cost for fill are different from the original estimates. At that time, however, it would not be possible to deny the abatement. Mr. Schainker said that a technique to protect the City from that situation would be to require a Developer's Agreement that would provide for the property owner to make annual payments back to the City during the life of the abatement for any amount of the total abatement that exceeds the cost of raising land out of the Floodway Fringe. He told the Council that it would have to decide if it wanted to institute that contractual strategy, eliminate the qualifying criterion, or rely on the original estimates without verification at a later date.

Discussion ensued about what area would be included and whether it would include more than the three lots proposed to be developed by the Deery Brothers. Council Member Wacha said it made more sense to him for the Council to look at the entire corridor, not just the three lots that are proposed to be occupied by the Deery Brothers. Council Member Orazem agreed so as to remove an amount of uncertainty so future developers would know what the costs and requirements are if they want to develop in the area in question. In Council Member Szopinski's opinion, it would be better to look at just the piece of property to be owned by the Deery Brothers because it would be a known entity. She believes that, if there are other entities who are interested in other land in the same vicinity, the Council would then address the issues pertaining to that particular type of business or request. City Manager Schainker said that if Council were to limit it to just those three lots, there would be a different type of boundary. What is being proposed by staff is to include an area that would run from South Duff to South Dayton; however, Council could choose to focus on just the three lots for the Deery Brothers. Ms. Szopinski contended that the Deery Brothers' proposal could "jump start" and be the sole impetus for other businesses that want to develop in the area, but may not have the same requirements that the Deery Brothers do. Council Member Goodman asked why the land on the west side of the creek would not be important. He expressed his opinion that this type of abatement "already sets the stage inequitably." It is his belief that every project has its own problems and the City should not abate any of them; the market should choose "winners and losers."

Director Osguthorpe told the Council that the developers would have to apply for a Minor Site Development Plan that would be checked for compliance with the criteria. City Planner Benson advised that after staff had reviewed the plans, the developer would request approval of an Urban Revitalization Plan by the Council. If Council determined that it met the criteria for tax abatement, a hearing date would be set on the Urban Revitalization Plan and Area. Mr. Osguthorpe clarified that the only item on tonight's Agenda is approval of the criteria.

City Manager Schainker brought the Council's attention to the proposed Urban Revitalization Policy drafted by staff for Southeast 16th Street. He asked for feedback from the Council.

Brad Deery, 101 Grand, Burlington, Iowa, advised that they would be constructing close to a five-acre lake on the western and lower end of the property in question. The lake would be approximately 14' deep and would add approximately 70 acres of flood water storage. He contended that the lake would create a net positive effect in the floodway that is certifiable by their engineer. The Deery Brothers believe that their proposed development would create an exciting, vibrant, and

attractive catalyst for the gateway corridor into Ames. They also believe that the Southeast 16th Street extension would see increased traffic and exposure, which would help create additional growth. Mr. Deery explained that the car dealerships they build are well-maintained. He pointed out that they are a regional dealership that has had success by drawing customers into the area. According to Mr. Deery, the real estate in question is currently paying \$736 annually in property taxes. That amount will increase significantly (to \$45,000) on the day they close on the property. Upon completion of the Chrysler store, the property tax will increase to approximately \$180,000 annually for just that one building. Additionally, when the other two lots are developed with comparable buildings, approximately \$350,000 would be generated in annual property taxes. In summary, the entire development should bring in \$480,000 to \$520,000 in property taxes annually. It was Mr. Deery's understanding that the development will have a commercial tax classification and dollar amounts similar to an industrial or light commercial classification. Mr. Deery alleged that the proposed project will not cost the City of Ames anything; it will only be a gain.

Addressing jobs, Mr. Deery said that they initially plan to hire 40 employees in the first year. They plan to increase to 60 employees with an average annual wage with benefits at \$63,000/employee. It is their belief that the additional properties at this location could generate 20 to 40 additional jobs per building. Mr. Deery also stated that they had been told that the City would receive \$300,000 in assessment pay-off from the current land owner (Dennis Pyle) when the sale is final.

Mr. Deery further advised that 1% of the local sales tax option on service, parts, and rental cars will be as high as \$40,000 to \$60,000 annually. Since Dodge/Chrysler/Jeep will be in Ames, people will be able to have those vehicles serviced in the City instead of going out of town. In addition, construction of the facility will create another 40 jobs in an eight- to nine-month construction cycle.

Council Member Goodman asked Mr. Deery if the benefits/assets he spoke of would come with any new car dealerships. Mr. Deery responded that he thought they would. Mr. Goodman then asked Mr. Deery if he was aware that other car dealerships had been operating in Ames successfully for over 20 years without tax abatement. He noted that he was aware of that; however, the Deery Brothers would be creating a very nice gateway into the community in a less desirable area, and without that, there won't be anything out there. They are also taking a risk to create an environment that will help the other car dealerships in Ames, believing that the best place to build "a shoe store was next to a shoe store," competition keeps the consumer in Ames.

At the inquiry of Ms. Szopinski, Brad Deery confirmed that they are going beyond the minimum requirement for fill. He advised that their show floor is planned to be five feet above the base requirement. Their inventory will never be affected based on the current calculations.

Steve Marley, 1502 Meadowlane Avenue, Ames, argued that the City should never allow development in the Floodway. He believes that allowing the proposed project is "not just a bad idea, it is a terrible idea." Mr. Marley stated that he lives on Meadowlane Avenue, an area that at times has significant flood risk. He advised that the homes on the west side of Meadowlane Avenue are at a higher elevation than those on the east and are less subject to flood risk. According to Mr. Marley, some Meadowlane residents feel that the City must "not like them much because City development policies seem to exacerbate, rather than mitigate, flood risk". He specifically noted the 2010 Flood and the expert testimony that storm frequency and intensity are increasing with each crest exceeding the previous record. Mr. Marley told the Council that he now has to buy flood insurance in the amount of \$455/year. He urged the Council to reject the tax abatement proposal.

Richard Deyo, 505 Eighth Street, #2, Ames, said he believed that there are too many cars and not enough gas to power them.

Audrey Marley, 1502 Meadowlane Avenue, Ames, advised that she and her husband moved into their new home in 1965. At that time, their home was not located in the floodplain. Flood water had never come into their yard until 1993 when it came up one foot into their yard. In 1996, it came up two feet. In 2010, they had substantial flooding.

Fred Bradner, 1111 Stafford Avenue, Ames, asked to know if the proposed project would go forward if tax abatement were not to be granted. Brad Deery said that, without the tax abatement, they would not be able to locate their Chrysler/Dodge/Jeep dealership in Ames.

Council Member Orazem said that he had discussed the flood area between I-35 to Lincoln Way with an engineer from the Department of Transportation. That individual had told him that when there is enough water, it is very difficult to move it past Ames without flooding. Having ways of storing water made sense to Mr. Orazem, and in looking at the map, it appeared to him that the location in question was the only area where water storage areas could be located.

Council Member Goodman said that the Council should be looking at ways that can make the flooding situation better. He does not believe that granting tax abatement would make it better. Mr. Goodman stated that he needed to know scale of improvement; "better is not good enough." Mr. Orazem noted that the Deery Brothers would be taking on added expense to make it better, rather than neutral. In this case, it appears that the proposal means that the developers would be sacrificing some of their property to create a lake to make the situation somewhat better, and at the same time, they are not making the situation worse for their neighbors.

Council Member Larson noted that he had looked at this proposal for tax abatement from the perspective of sound economics. He pointed out that the City had made substantial investments in the area in question to stimulate development; however, three years from now, the City will not have any more than it has there now without incentivizing new projects. Mr. Larson believes the land in question will not develop otherwise. It is his belief that the abatement is not costing anyone anything at this stage; it is just deferring the collection of taxes.

Mr. Larson said that he believes it would be "sound economics" to grant the abatement in terms that the City had invested a lot of money in the area already, and if something isn't done to stimulate economic growth in that area, there will be nothing more than what currently exists. He contended that the City would not be spending a dime. Mayor Pro Tem Larson noted that the property now nets less than \$750 annually in taxes; just a change from Ag to Highway-Oriented Commercial would increase it to \$45,000 annually. Once the buildings are built, it raises the property taxes substantially. In Mr. Larson's opinion, it was not fair to tell the citizens that this project would cost the citizens of Ames. It has been seen that the land in question will not develop without some sort of abatement. Council Member Goodman disagreed, stating that the Council does not have the ability to guarantee what will happen in the market, and it needs to be very careful about incentivizing one project over others in the community.

Ex officio Member Finseth said that he could see no drawbacks to the project. Tax abatement would be offered because there is an added risk in building in the area in question. He felt that the City should give the developer the tools necessary to allow the proposed development to move forward and create jobs.

Pertaining to potential flooding, Council Member Orazem pointed out that the Deery Brothers would be taking on added expense to make the situation even better than neutral. There is no requirement to even make it neutral, but they are willing to do so so that they don't make problems for their neighbors. Fred Rose from Cedar Falls, acting as the developer working with the Deery Brothers, explained that it will result in a net positive impact, however, comparatively small.

Council Member Szopinski advised that she had been involved in many discussions concerning the proposed project. Those comments covered the whole spectrum and they all had merits. Ms. Szopinski said that she had come up with a long list of pros and cons. Her "con list" was very much fueled by her philosophy of not encouraging "winner-take-all" politics. She advised, however, in this particular situation, her list of pros was greater in that she feels that this is the type of project that the City has been looking for to retain consumer dollars in Ames. It is in an area that no one else has come forward with any interest in developing. The proposed developer is a good Iowa-based company. There will be jobs created. Ms. Szopinski acknowledged that she has concerns about flooding; however, is not sure that anyone has the answers for that. It is unknown how much rainfall will come or how fast. She said she could not use that as reason enough not to see the benefits of the proposed project.

Moved by Orazem, seconded by Davis, to direct that the Council establish an Urban Revitalization Area in this area that involves qualifying criteria Items 1 , 2a, 3b, 4, and 5.

Council Member Wacha noted that the land in question lies in a flood-prone area. For him, it is about balancing the increased risk of flooding with the need for a vital commercial area. He said that he could not believe that \$100,000 or \$200,000/year for three years in tax abatement would mean that this project would not move forward. He hopes that the Deery Brothers will still build in Ames; he definitely wants the project in Ames.

Council Member Goodman expressed his opinion that it was not the government's responsibility to make the land in question more valuable than other commercial properties that are available for development. He said that he was disappointed that the Deery Brothers even asked for incentives and would hope that developers wouldn't ask for help that they possibly don't need. Mr. Goodman cited his own experience as a business owner and that he had not asked for any incentives from the City. He did not think doing so creates a "fair world to live in." It was stated by Mr. Goodman that he understood why the Deery Brothers were asking for tax abatement "because the more people ask, the more business owners feel that it is a part of being involved in business to ask." According to Mr. Goodman, "the market is there to create winners and losers," and the City is there to make sure that the work can get done.

Council Member Larson asked Mr. Goodman to remember what he had just said the next time he asks the City for something in Campustown. Mr. Goodman said that he hoped he could still fight for members of the community.

Roll Call Vote: 3-3. Voting aye: Davis, Larson, Orazem. Voting nay: Goodman, Szopinski, Wacha. Motion failed.

CLOSURE OF DUFF AVENUE RAILROAD CROSSING FOR REPAIR: Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-189 designating Public Works staff to approve closure of Duff Avenue Railroad Crossing for repair by Union Pacific Railroad Company. Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

DRAINAGE DISTRICT TRANSFER FROM COUNTY TO CITY: Ms. Warner indicated that on February 1, 2012, the City received letters from Scott Wall, Drainage Clerk with Story County, indicating that the Story County Board of Supervisors, acting as Drainage District Trustees, intended to transfer control of three drainage districts to the City of Ames. Ms. Warner explained the circumstances under which *Iowa Code* authorizes the transfer of drainage districts to a City. The facts pertaining to each of the three drainage districts were given. It was emphasized that before the Trustees may complete any transfer of jurisdiction, they must first have findings that each drainage district meets the standards set out in the *Iowa Code* and then pass a resolution transferring jurisdiction to the City.

According to Ms. Warner, should the City need to accept transfer of the District, additional responsibilities could include locating, inspection, and maintenance of the drainage tile to ensure that the tile functions. This would be necessary especially due to the fact that Story County has not located, cleaned, and/or inspected the tile for decades. Given the City's lack of experience maintaining this type of system, it is very difficult to estimate the additional cost or personnel time that the City would be assuming each year. Ms. Warner noted that the City has no idea how much work would be necessary to maintain the drainage tile.

Ms. Warner gave the history of Washington #59, which was installed in 1913 and runs through the Teagarden area. Story County Supervisors and Engineer have indicated that they have no idea of the condition of the tile within the District. They said that it has not been televised or cleaned, so there is no confirmation that the tile is fully functional at this time. If the tile that still remains is in disrepair, it could be a rather large project that the City would have to undertake to repair the tile. The project could be an assessment project to the Drainage District properties, including those located in the City limits and in the County.

City Manager Schainker said that staff was looking for direction from the City Council as to whether it wanted staff to oppose the transfer of Drainage District Washington #59.

Moved by Goodman, seconded by Szopinski, to direct staff to attend the April 24, 2012, Board of Supervisors meeting and convey Council's opposition regarding the transfer of Drainage District Washington #59 to the City.

Vote on Motion: 6-0. Motion declared carried unanimously.

PARKING VIOLATION FINES: Police Chief Cychosz recalled that in August 2011, staff alerted the Council that fine increases may be necessary to adequately deter illegal and overtime parking. After that time, staff held public meetings, with those comments reported to the Council in January 2012. Chief Cychosz noted that the two criteria used for setting the parking fine amount are deterrence and supporting the cost of enforcement. He suggested that illegal parking fines be increased first to see if that generates an adequate amount of revenue to offset the cost of operation.

A summary of overtime and illegal parking fines for several other Iowa communities had been included in the Council Action Form. Council Member Wacha noted that Ames is the only community that lowers the fine if it is paid within a certain period of time. Council Member Larson pointed out that Ames charges the lowest overtime and illegal parking fine.

Council Member Goodman recalled that the City had embarked on a pilot project to use meters that accept credit cards. City Manager Schainker pointed out that those meters are expensive; they have to be paid for with revenue from parking fees or fines.

Moved by Wacha, seconded by Goodman, to direct the City Attorney to develop an ordinance increasing the illegal parking fine to \$20 (\$15 if paid within seven days), effective July 1, 2012.

Vote on Motion: 6-0. Motion declared carried unanimously.

PROPERTY INSURANCE BROKER SERVICES: Risk Manager David Eaton explained that for the past seven years, the City has purchased property insurance from an insurer that sells directly to its customers, rather than through brokers. He told the Council several reasons for considering the utilization of a broker. Mr. Eaton described the process followed to select a broker. According to Mr. Eaton, there were very specific reasons why Willis stood out as the strongest broker even though they were not the lowest cost proposal.

At the inquiry of Council Member Wacha, a property insurance broker will improve access to the insurance marketplace where most insurers are accessible only through brokers. Also, the technical assistance they will provide for loss control engineering will assist City departments in the capital improvement planning process. In addition, the City will have consultation on reducing the overall risk to the City's property assets from the City's point of view.

Council Member Goodman noted that Willis was much more costly than the lowest-cost proposal. Mr. Eaton again reviewed the reasons why Willis stood out as the strongest broker. Assistant City Manager Bob Kindred said that he was also a member of the evaluation team. He advised that the team focused on quality, not cost.

Moved by Wacha, seconded by Goodman, to adopt RESOLUTION NO. 12-190 awarding a three-year contract in the amount of \$160,000 to Willis of Illinois of Moline, Illinois, for Property Insurance Broker Services.

Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

PRESENTATION OF WATER AND SEWER RATES: Water and Pollution Control Director John Dunn gave a Power Point presentation explaining national and state-wide trends in water rates, the projected need for revenue increases in Ames, how revenue increases are translated to rate increases, and projected Ames rates compared to projected state-wide averages. Mr. Dunn also presented information on sewer revenues. He specifically noted on the Sewer fund that the projections shown had nominal dollar amounts coming out of the Sanitary Sewer Evaluation being done by Public Works. However, there likely are some projects that might be needed or recommended after that Evaluation that will be expensive; that might necessitate rate increases larger than what are being shown.

Mr. Dunn summarized that, based on the Operating Budget and CIP as originally presented, the rate increase would be 3% in water and 5% in sewer. To add the northern growth area will add .5% in water and .8% in sewer, and the eastern growth will add .7% in water and 4.2% in sewer. According to Mr. Dunn, staff would like to bring back the rate ordinance to Council on April 24, 2012.

City Manager Schainker told the Council that the ordinance would generate revenue for the total system; how the fund will ultimately be allocated will be a later decision by the Council. If it turns down the eastern growth, the revenue will be applied to the next year's balance. No funds are being allocated to a specific project at this time. Council Member Orazem said that he did not see the point in raising sewer rates unless the City plans to have industrial capacity on the east side of the Interstate. Council Member Wacha advised that just because he was in favor of committing to the rates now does not mean that he is committing to approving growth all the way to 590th.

Moved by Goodman, seconded by Szopinski, to direct staff to create an ordinance that increases the base rates 3% for water and 5% for sewer for 2012/13.

Council Member Larson said that he did not agree with that motion because it presents a risk that there would be no funding for growth to either the east or the north. He would not support the motion unless there was a subsequent motion to increase water by an additional 1.2%. However, he did not like the idea of separate motions. Council Member Davis pointed out that if the rates increased by 4.2% and 10%, and Council did not approve growth either to the north or to the east, the fund balance would be used to offset the next year's increase; it would not be allowed to just continue to grow. He, too, preferred that only one motion be made and allow the fund balance to do what it is supposed to; no funds would be allocated towards any projects at this time.

Vote on Motion: 4-2. Voting aye: Davis, Goodman, Szopinski, Wacha. Voting nay: Larson, Orazem. Motion declared carried.

Moved by Orazem, seconded by Larson, to direct staff to create an ordinance that increases the rates an additional 1.2% for water and 5% for sewer, which makes it a total of 4.2% and 10% for 2012/13. Vote on Motion: 6-0. Motion declared carried unanimously.

ZONING TEXT AMENDMENT RELATED TO DEFINITIONS OF “STORY” AND “BASEMENT:” Moved by Davis, seconded by Szopinski, to pass on second reading a Zoning

Ordinance text amendment related to definitions of “story” and “basement.”

Roll Call Vote: 6-0. Motion declared carried unanimously.

TERM OF OFFICE FOR LIBRARY BOARD OF TRUSTEES: Moved by Davis, seconded by Goodman, to pass on second reading an ordinance changing term of office commencement date for Library Board of Trustees from July 1 to April 1.

Roll Call Vote: 6-0. Motion declared carried unanimously.

COUNCIL COMMENTS: Moved by Goodman, seconded by Szopinski, to refer to staff the email message from Julia McGinley (requesting that Ames compete in the Earth Hour City Challenge) for a cursory explanation in memo form from staff back to the Council.

Vote on Motion: 5-1. Voting aye: Davis, Goodman, Larson, Orazem, Szopinski. Voting nay: Wacha. Motion declared carried.

Moved by Davis, seconded by Goodman, to request the City Manager to offer a recommendation pertaining to the request from John Hostettler regarding repayment of the forgivable loan given to the Richmond Center.

Vote on Motion: 6-0. Motion declared carried unanimously.

Ex officio Member Tor Finseth advised that his replacement has been selected from the Government of the Student Body and this was his last meeting.

ADJOURNMENT: Moved by Davis to adjourn the meeting at 11:16 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor