

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

**AMES, IOWA**

**FEBRUARY 1,**

**2013**

The Ames City Council met in special session at 2:15 p.m. on February 1, 2013, in the Council Chambers of City Hall, 515 Clark Avenue, pursuant to law with Mayor Campbell presiding and the following Council members present: Matthew Goodman, Jami Larson, Peter Orazem, and Victoria Szopinski. Council Member Jeremy Davis was absent. Council Member Tom Wacha arrived at 2:35 p.m. *Ex officio* Member Baker was also present.

**WAIVER OF GENERAL SERVICES ADMINISTRATION PRICING THRESHOLD AND AUTHORIZING PURCHASE OF EQUIPMENT FOR POLICE DEPARTMENT:** Chief Chuck Cychosz explained that, as part of the City Hall Renovation project, the Police Department has identified evidence storage lockers and shelving that will meet its needs. The Department intends to fund the purchase through a Department of Justice Edward Byrne Memorial Justice Assistance Grant, which will expire on February 20, 2013. There is an urgency to procure the evidence lockers before the Grant expires. This equipment is being offered through General Service Administration (GSA) contract pricing; however, the City's Purchasing Policies limit the use of GSA expenditures to \$25,000. The Police Department is requesting that that dollar limit be waived. The cost of the lockers is \$29,004.74 and the shelving is \$2,034.90 for a total cost of \$31,039.64.

Moved by Larson, seconded by Orazem, to adopt RESOLUTION NO. 12-037 approving a waiver of City Purchasing Policies regarding General Services Administration pricing threshold and authorizing the purchase of evidence lockers and weapons shelving at a cost of \$31,039.64. Roll Call Vote: 4-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

**COUNCIL COMMENTS:** Moved by Orazem, seconded by Larson, to refer to staff the request from Bob Gibson, Civil Design Advantage, for a waiver of the design and improvement standards for a 16-lot single-family home rural subdivision to be located at 3491 Cameron School Road. Vote on Motion: 4-0. Motion declared carried unanimously.

**FY 2013/14 BUDGET OVERVIEW:** City Manager Steve Schainker told the Council that the FY 2013/14 budget is particularly challenging because of a number of unfunded mandates as well as the responsibility to fund the recently voter-approved bond issue. The need to repair or replace deteriorated utility infrastructure, as well as meet federal and state environmental regulations, have included the need for user fee increases in two (Water and Sanitary Sewer) of the five utilities for FY 2013/14. Mr. Schainker advised that the budget that he was recommending for FY 2013/14 reflected expenditures of \$206,272,897.

Council Member Wacha arrived at 2:35 p.m.

City Manager Schainker announced that he is proposing a property tax increase of \$.14 (or a 1.27% increase) per \$1,000 of taxable valuation (from \$10.72 to \$10.86). He explained that the City was informed that the additional cost to finance the state-mandated Fire & Police Retirement System will be \$340,558. That amount alone would cause a \$.12 increase in the tax rate. Secondly, the additional cost to cover debt service payments for the construction phase of the Library renovation project is estimated to be \$906,000 or a \$.39 increase in the tax rate. Those

two items would have increased the tax rate by \$.51. According to Mr. Schainker, property taxes historically have been used to finance the Police, Fire, Transit, Planning, Parks, Recreation, Cemetery, and Library services. The Department Heads have worked very hard to keep the expenditures as low as possible without sacrificing the quality of services citizens have come to expect. The increase in the cost of General Fund operations is 3.2%.

Finance Director Duane Pitcher stated that the City's levy makes up 33.13% of a property's total tax bill; the School District makes up 44.72% (if in the Ames Community School District); 20.34% is the County's share; and 1.81% goes to Des Moines Area Community College DMACC).

Mr. Pitcher gave a comparison of City Property Tax Valuations and Total Levies to be collected for fiscal year 2013/14 for the 13 largest cities in Iowa. Ames has the second-lowest total city tax levy per \$1,000 valuation; Mr. Pitcher reiterated that for FY 2013/14, the total tax levy/\$1,000 taxable valuation will be \$10.86.

City Manager Schainker gave a summary of the Local Sales Tax Expenditures for 2013/14. Total receipts for 2013/14 is estimated at \$7,122,355. Sixty percent (60%) of that goes directly to property tax reduction and 40% (\$2,848,942) goes for Community Betterment. The funding coming from Community Betterment goes to:

ASSET Allocations (3% increase)	\$1,184,786
COTA Allocations (2% increase)	140,879
Human Services Administration	16,149
Public Art	33,500
Municipal Band	26,968
City Council Special Allocations	116,000
Hotel/Motel Tax Revenues to Replace LOST	88,286
Contribution to Park Development Fund	100,000
Contribution to Ames/ISU Arena Fund	20,000
City CIP Projects	<u>1,237,270</u>
Difference	\$ 61,676

Mr. Schainker listed the agencies being funded through City Council Special Allocations:

- Ames Historical Society
- Ames Partner City Association
- Campustown Action Association
- Main Street Cultural District
- Hunziker Youth Sports Complex
- ISU Homecoming
- FACES
- VEISHEA

Council Member Goodman asked to have the CIP broken down. Mr. Schainker said that is already being done and will be reviewed for the City Council.

He gave a detailed analysis of changes in taxable values among residential, commercial, industrial, and utilities. Residential increased by 5.43%, Commercial increased by 2.36%,

Industrial decreased slightly (1.65%), and Utilities increased 2.93%. The percentage change in taxable value equates to 3.85%.

The Fire & Police Trust Fund was reviewed in detail by Mr. Pitcher. He emphasized that the amount to be funded out of property tax will continue to increase; next year it is estimated that it will be amount \$2,000,000.

Finance Director Pitcher reviewed the debt service cost allocation for the 2013/14 Budget. He told the Council how the bond proceeds will be used, with the largest portion (\$5,540,222) going to streets. The debt service issues for Fiscal Years 2012/2013 through 2017/18 were highlighted. The total FY 2013/14 Debt Service Levy will be 3.59946/\$1,000 valuation.

Council Member Goodman asked for a graph showing total costs of City Services, not only those amounts provided by property taxes.

A summary of change in tax asking for 2013/14 was presented by Finance Director Pitcher..

The costs of City services for 2013/14 per residence from property taxes (based on a \$100,000 home) were summarized, as follows:

Streets/Traffic	\$	138
Police Protection		131
Fire Protection		89
Recreation and Parks		52
Library		71
Transit		34
General Support Services		23
Planning		10
Storm Sewer		7
Resource Recovery		6
Animal Control		5
Building and Grounds/Airport		4
Inspections/Sanitation		<u>3</u>
TOTAL	\$	<u>573/\$100,000</u>

An historic breakdown of the budget, specifically valuation increases and rollback, from 1992/93 to the present was given by Mr. Pitcher. He also reviewed the Full-Time Equivalent (FTEs) recommended for 2012/13. There will be no new FTEs in 2013/14.

Rental Housing Fees, including FY 2012/13 Adjusted and FY 2013/14 Recommended, were shown. City Manager Schainker emphasized that the new software for Inspections (estimated at \$250,000) will not be charged back to customers; it will be paid for from excess revenue in the General Fund.

Finance Director Pitcher showed the proposed FY 2013/14 fees for Building Permits, which will be increased by an average of 3.0%. He showed the proposed fees for 2013/14 for Parks and Recreation facilities and programs.

City Manager Schainker reported that two out of five utilities (Water and Sanitary Sewer) will

have rate increases.

Assistant Director of Water and Pollution Control Steve DuVall reviewed water and sewer rates, including the Water and Sewer Funds and CIP expenses. He noted that FY 2013/14 is the last rate increase associated to the new Water Plant. In FY 2015/16, the increase of 7% will go towards development of new well fields. Mr. DuVall showed the Water Fund Balance projection, which has been built up and will make the transition into paying the expenses for the new Water Plant easier.

The Sewer Rate Projections as of April 10, 2012, were shown. Those projected rates changed as of February 1, 2013. FY 2013/14 will need a 9% increase, instead of 5%; FY 2014/15 will be 12%, instead of 8%; FY 2015/16 will be 9%, instead of 0% and FY 2016/17, a 6% increase will be needed. Much of the increase is due to increases in CIP projects that have been proven necessary by studies being conducted. There is a possibility that the increases will not be as large when the two studies are complete. The Total Sewer CIP Expense Projections as of February 1, 2013, were given.

Council Member Orazem left the meeting at 3:45 p.m.

Mr. DuVall showed what a typical residential, commercial, and industrial customer will pay.

City Manager Schainker emphasized that the City Council is not approving the rates at this time. Staff will come back to the Council in April for a decision.

Budget Officer Nancy Masteller outlined the Fund Sheets, broken down by General Fund, Special Revenue Funds [e.g., Local Option Sales Taxes, Hotel/Motel Tax, Leased Housing, Road Use Tax, City-Wide Affordable Housing, Tax Increment Financing, Fire/Police Pension Retirement, Employee Benefit Property Tax, Miscellaneous Special Revenues, Library Donations, Developer Projects, and Economic Development (Revolving Loans and Forgivable Loans)], Permanent Funds (Cemetery, Furman Aquatic Center Operations), Debt Service, Capital Projects (Special Assessment, Street Construction, Airport Construction, American Recovery and Reinvestment Act Energy Block Grant, Various Construction Grants, and Bond Proceeds), the Enterprise Funds (Water Utility, Water Construction, Sewer Utility Operations, Sanitary Sewer Improvements, Electric Utility, Parking Operations and Improvement, Transit Agency Operations, Transit Capital Reserve, GSB Transit Trust, and Transit Agency Intermodal Facility.)

City Manager Schainker reminded the Council about the agreement with Iowa State University to split the amount of any operations deficit for the Intermodal Facility.

Ms. Masteller continued with the Enterprise Funds (Storm Sewer, Ames/ISU Ice Arena, Ice Arena Capital Reserve, Homewood Golf Course, Resource Recovery Operations and Improvements). Internal Services were summarized, including Fleet Maintenance Services, Fleet Replacement, Information Technology, Computer Replacement Fund, Risk Management, and Health Insurance.

Finance Director Pitcher pointed out that the City's Health Benefits Plan is self-insured (funded through City and employee contributions). The Health Insurance Fund has enjoyed lower increases for many years. There were some larger claims in 2012/13, and an 8% contribution rate increase is budgeted for FY 2013/14.

Council Member Larson noted the lower balance in the Electric Utility fund. He did not want the fund balance to drop so low that it necessitates a large rate increase.

City Manager Schainker brought the Council's attention to the memos pertaining to:

1. 2013/14 ASSET Allocations and COTA Funding requests. More in-depth information will be provided on February 12, 2013, during Budget Wrap-Up.
2. 2013/14 Public Art Commission funding request.
3. 2013/14 Outside Funding Requests.

City Manager Schainker told the Council that the request from Ames Historical Society for funds to help with the Ames Sesquicentennial celebration had not been included as part of the 2013/14 Outside Funding Requests.

Mayor Campbell also reported that she had gotten notice from the Jaycees that they will no longer be involved in funding the 4<sup>th</sup> of July fireworks. Therefore, funding for the fireworks will need to come from another source, be it from the City or others.

It was noted by Mr. Schainker that the minutes of the Town Budget Meeting on October 2, 2012, were included in the budget information.

The Council's attention was brought to six revised CIP sheets. Three of the revisions pertain to the Resource Recovery Plant, shifting funding to General Obligation Bonds for the Primary Shredder, the PDS Cyclone, and a new project, the Area Sprinkler System. One of the revisions is for the Cy Ride Building Expansion and Modernization, shifting funding on a small portion of the project not eligible for federal funding. Two revisions pertain to Parks and Recreation and both are new projects: one for Playground/Park Equipment Improvements for Roosevelt Neighborhood Park Development and the other to add playground equipment to the former Willson-Beardshear School, which has recently been purchased by the Ames Community Preschool Center.

Regarding the recommendation to fund improvements in the amount of \$80,000 to the playground at the former Roosevelt School in 2014/15, Council Member Wacha asked why only Roosevelt was being included and not the other the other closed schools. Council Member Larson noted that the City had not heard anything from Edwards or Crawford.

Discussion ensued about the potential CIP project to add \$30,000 for playground equipment for Ames Community Preschool Center (ACPC) at the former Willson-Beardshear school site. Mr. Schainker advised that a User Agreement would need to be developed and signed. Council Member Goodman noted that normally the City pays 50% with the School District paying the other 50% for playground equipment. That arrangement has been the norm because the school sites are used as neighborhood parks. He pointed out that the school property is used for a neighborhood park for those months and times when school is not in session. That would not be the case for Willson-Beardshear as ACPC would be in operation during the day year-round.

Council Member Wacha said that he felt Willson-Beardshear was a unique situation. From a neighborhood asset standpoint, the development of Willson-Beardshear as a neighborhood park

would be ideal.

Discussion continued about the City Manager inquiring from ACPC if it would be willing to pay a portion of the playground equipment. Due to two members of the Council being absent and Council Member Wacha indicated that he would need to abstain due to a conflict of interest, no further action was taken on this matter.

**ADJOURNMENT:** Moved by Larson to adjourn the meeting at 4:40 p.m.

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Diane R. Voss, City Clerk

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Ann H. Campbell, Mayor