

MINUTES OF THE REGULAR MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

MARCH 5, 2013

The regular meeting of the Ames City Council was called to order by Mayor Campbell at 7:00 p.m. on March 5, 2013, in the City Council Chambers in City Hall, 515 Clark Avenue. Present from the Ames City Council were Jeremy Davis, Matthew Goodman, Peter Orazem, Victoria Szopinski, and Tom Wacha. Council Member Jami Larson was absent. *Ex officio* Member Baker was also present.

ACTING MAYOR FOR MARCH 11, 2013: Mayor Campbell noted that both she and Mayor Pro-Tem Larson would be out of town on March 11, 2013. There will be a Special City Council Meeting on that date, so an Acting Mayor needed to be named.

Moved by Davis, seconded by Wacha, to name Matthew Goodman as Acting Mayor for March 11, 2013, Special Meeting.

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

PRESENTATION OF GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINGUISHED BUDGET PRESENTATION AWARD: The Mayor presented the Award to Finance Director Duane Pitcher and Budget Officer Nancy Masteller. Mr. Pitcher reported that the City had received this Award for the past 28 years. Director Pitcher recognized Carol Collings, recently retired Budget Officer, for her years of service.

CONSENT AGENDA: Moved by Davis, seconded by Szopinski, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
 2. Motion approving Minutes of Regular Meeting of February 26, 2013
 3. Motion approving Report of Contract Change Orders for February 16-28, 2013
 4. Motion approving certification of civil service applicants
 5. Motion approving renewal of the following beer permits, wine permits, and liquor licenses:
 - a. Class C Liquor & Outdoor Service – Coldwater Golf Links, 615 S. 16th Street
 - b. Class E Liquor – Kum & Go #113, 2801 E. 13th Street
 - c. Class A Liquor w/ Outdoor Service – Elks Lodge #1626, 522 Douglas Avenue
 - d. Class C Beer and B Wine – Swift Stop #5, 3218 Orion Street
 - e. Class C Liquor – Carlos O’Kelly’s Mexican Café, 631 Lincoln Way
 - f. Special Class C Liquor – Valentino’s, 823 Wheeler Street, #1
 - g. Class E Liquor, C Beer, and B Wine – Sam’s Club #6568, 305 Airport Road
 - h. Special Class C Liquor – The Spice Thai Cuisine, 402 Main Street
 - i. Class C Beer & B Native Wine – Swift Stop #4, 1118 South Duff Avenue
 - j. Special Class C Liquor – Lucullan’s Italian Grill, 400 Main Street
 - k. Class E Liquor – Kum & Go #227, 2108 Isaac Newton Drive
 - l. Class C Liquor – Café Northwest, 114 Des Moines Avenue
 6. RESOLUTION NO. 13-097 approving appointments to City’s various boards and commissions
 7. RESOLUTION NO. 13-098 adopting Rental Housing Fees
 8. RESOLUTION NO. 13-099 approving preliminary plans and specifications for Power Plant Maintenance Services; setting May 1, 2013, as bid due date and May 14, 2013, as date of public hearing
 9. RESOLUTION NO. 13-100 approving contract and bond for 2012/13 West Lincoln Way Intersection Improvements (Lincoln Way and Dotson Drive)
- Roll Call Vote: 5-0. Resolutions/Motions declared adopted/approved unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

PUBLIC FORUM: Catherine Scott, 1510 Roosevelt Avenue, Ames, spoke of her concerns about the development proposed by Breckinridge for the former Middle School. She had been informed that the land closing has been scheduled for April 1, 2013. Ms. Scott said that she had learned, from attending two neighborhood meetings with the developer, that the type of project being proposed is luxury student housing that consists of cottages with two to five bedrooms. The units are rented by the bedroom. Each bedroom has its own bathroom, there is a common kitchen and social area, there are no garages or basement, and there is 1.3 parking space/bedroom. The developer told the attendees at the meetings that he is bringing this new product to the Ames market. Ms. Scott pointed out that this type of development may not be what Ames wants brought to the local market.

According to Ms. Scott, the north and middle parcels of the former Middle School site are designated as Residential - Low Density. The south parcel has a Floating Residential Suburban or Village Residential designation, which allows for a slightly higher density. To Ms. Scott, Low-Density Residential usually means neighborhoods with single-family homes and a few duplexes. She does not believe the City ever envisioned to have an entire neighborhood designated entirely for students or rented by the room. It is unclear to Ms. Scott whether the number of unrelated persons being proposed for each unit would be allowed under Ames' Code. She also noted that density has been set for particular zoning designations, which allow for compatibility with existing neighborhoods. Ms. Scott stated her opinion that this type of development did not seem to be compatible with the surrounding neighborhood.

Ms. Scott said one of her main concerns with the Breckinridge proposed development is that it is not flexible; it is solely for students - not appropriate for families or the elderly. As such, it would be very difficult to retrofit, so if the development is allowed to go forward, the City would be committing itself to always having only one type of development on the entire parcel. She said she preferred housing that could be occupied by families or students.

Noting that the enrollment at Iowa State University had been increasing and was predicted to remain at that level for the next ten years. The University is planning to provide more student housing and the market is already attempting to meet the demand. Ms. Scott believes that Breckinridge had looked for a niche market and thinks that it has found one in Ames. She relayed her belief that strong neighborhoods with some diversity are ideal - those that allow people to remain in that neighborhood for their entire lives. Ms. Scott hopes that the City will work towards that in the redevelopment of the former Middle School land.

No one else asked to speak, and the Mayor closed Public Forum.

HEARING ON AMENDMENTS TO FISCAL YEAR 2012/13 BUDGET: Mayor Campbell opened the public hearing. There being no one wishing to speak, the hearing was closed.

Moved by Goodman, seconded by Davis, to adopt RESOLUTION NO. 13-101 amending the budget for the current Fiscal Year ending June 30, 2013.

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

HEARING ON ADOPTION OF FY 2013/14 BUDGET: The Mayor opened the hearing. No one requested to speak, and the hearing was closed.

Moved by Goodman, seconded by Szopinski, to adopt RESOLUTION 13-102 approving the FY 2013/14 budget.

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

1817 EAST LINCOLN WAY: City Planner Charlie Kuester summarized the background on this case. He said that the owner of 1817 E. Lincoln Way is proposing a two-lot subdivision. It is a corner lot with frontage on both Carnegie Avenue and East Lincoln Way. With the subdivision plat, the rear lot would have frontage on Carnegie, which is a street that does not have sanitary sewer or a sidewalk. The City's subdivision regulations require that both sanitary sewer and sidewalk be installed as part of the subdivision plat. The owner is seeking a waiver of those two requirements, citing that the self-storage units currently on the site do not have a need for installation of a public sewer and that there are no other sidewalks adjacent to the site. Mr. Kuester asked the Council to decide whether the waivers of the subdivision standards should be granted.

Bud Ely, 3914 Valley View Road, Ames, told the Council that he has lived in Ames for 54 years. He advised that his son owns the storage sheds, but the ground where they sit is owned by him. His entire intent, for estate pre-planning, is to "gift" his son the ground where the sheds have been built. According to Mr. Ely, his attorney has recommended that the land be subdivided so that he can make the gift of the ground to his son. Mr. Ely owns the land adjacent to where the storage sheds are; that is Bud's Service Center, and his family will keep all the land together.

Council Member Goodman asked if the east/west road to the north of the property was paved. Planner Kuester said that the road had been seal-coated. The site is located in a heavy industrial area. There is a fragmented lot pattern; in the past, lots had been created without the necessary infrastructure. Some of the land to the north is City-owned property, but there is some private property on the east side of Carnegie that also does not have sewer or water. There are no structures on that private property; it is also used for outdoor storage.

It was noted by Mr. Goodman that, from his experience on the City Council, subdivision requests are the last chance the City has to require infrastructure on the property. At Mr. Goodman's inquiry, Planner Kuester said that the Council has waived the requirement for sidewalks in the past due to topography constraints. Also, in response to Council Member Goodman's question, Mr. Kuester said that there currently are no sidewalks on either side of Carnegie Avenue.

Council Member Szopinski pointed out that it is difficult to know if the property to the north of the site in question was going to develop. She felt the likelihood of that happening was slim, and she hoped that a developer's agreement could be signed so if the land to the north was ever sold and developed, infrastructure on the land in question would be installed. Mr. Kuester said that it is possible to do that, e.g., if there was a use that was going to require sewer or water, the owner of this parcel would have to install sanitary sewer through the entire length of his property on the east side. Mr. Kuester advised that, if that was approved by the Council, it would be best to require some sort of financial security from the owner to ensure that commitment is guaranteed. After being questioned by Council Member Davis, Mr. Kuester stated that there is a sanitary sewer on the north side of Lincoln Way.

Planner Kuester advised that there is a requirement for sidewalk on only one side of the street in the industrial area. The Future Lands Use Plan identifies the area in question as Industrial. Currently, there are no sidewalks at all on Carnegie Avenue.

Council Member Wacha reiterated that after approval to subdivide is granted, the City loses its leverage to require infrastructure. There are areas in Ames where there are gaps in sidewalks and

paved streets; it is very difficult to get those gaps remedied because it wasn't done when it should have been paid for by the owner or developer. Mr. Wacha said it was important for the City to take a long-range view.

Planner Kuester reported on possible options to help the Council determine whether or not to grant a request of the subdivision standards for the installation of required infrastructure.

Council Member Goodman again noted that, when a property is subdivided, it is the City's last chance to require the installation of sidewalks.

City Manager Schainker added that if the City Council chose to waive either or both standards, it could impose conditions so that, if necessary, the public infrastructure would be installed when needed. Planner Kuester added that a development agreement could require the installation of both the public sanitary sewer and the sidewalk at such time as any improvements that require water service or sanitary sewer service are made to the rear lot. If this approach is selected by the Council, the development agreement would be submitted for approval along with the subdivision plat at some future meeting. Without the installation of the sanitary sewer by this applicant, if a property owner to the north subsequently requested development, there would be a gap of infrastructure, similar to the gap that the City Council had to resolve recently for electric service to the northern growth area. Mr. Schainker advised that, short of requiring financial security to be held in the eventuality of further development along Carnegie Avenue, there is not an easy mechanism to require payment from this property owner should an abutting property later need sanitary sewer.

Moved by Wacha, seconded by Goodman, to deny the request for waiver of subdivision regulations.

Council Member Orazem disagreed with the motion, stating that he does not foresee the area in question ever being a widely used pedestrian area. He expressed his dislike for snippets of sidewalk being installed because they serve no function, other than just to add costs.

Council Member Goodman said that the Council had heard the argument several times that a property owner should not have to install sidewalks because there are no other sidewalks in the area. However, it is impossible for this Council to know that the area will always be just as it is today.

Mildred Ely, 3914 Valley View Road, Ames, stated that they purchased the property when it was a dump. They cleaned it up, filled it in, and built storage sheds on that land. The City owns the land behind the area in question; there are no sidewalks on that land. Currently, there is no sidewalk anywhere around their property. Across the street is a junkyard; there are no sidewalks there either. If they were made to install sidewalk, that sidewalk would be the only one and it would go nowhere. Mrs. Ely told the Council that if they are made to install sidewalk and sanitary sewer, they will not subdivide the land; they will leave it as it is. She said that they cannot afford it.

Vote on Motion: 2-3. Voting aye: Goodman, Wacha. Voting nay: Davis, Orazem, Szopinski. Motion failed.

Moved by Goodman, seconded by Orazem, to ask the owners to work out an agreement that if sidewalk is constructed to the north of the property in question, or the property to the north is subdivided, the owner of 1817 E. Lincoln Way would install, at their own costs, sidewalk to connect to it.

Council Member Orazem asked if there was a legal way to attach the sidewalk requirement to the property even if it passes from one person to another. Acting City Attorney Judy Parks said that the agreement would be made subject to any future owner and/or assigns, and the document would be recorded. Ms. Parks said the same could be done in regards to the sewer; however, she could not recall any instance where the City had done anything similar.

Vote on Motion: 4-1. Voting aye: Davis, Goodman, Orazem, Szopinski. Voting nay: Wacha. Motion declared carried.

Moved by Goodman, seconded by Orazem, to adopt RESOLUTION NO. 13-106 requiring the owner of 1817 E. Lincoln Way to install sanitary sewer when subdividing the land.

Council Member Goodman justified his position, stating that, it is unknown what the future might bring, and when an exception is made, it creates an unfair burden to all taxpayers in the future should the area further develop.

Vote on Motion: 4-1. Voting aye: Davis, Goodman, Orazem, Szopinski. Voting nay: Wacha. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

2013/14 AMES ANNUAL OUTDOOR SCULPTURE EXHIBITION SCULPTURES: Committee Chairperson Greg Fuqua introduced Commission Members Kathranne Knight and Firth Whitehouse. Mr. Fuqua showed pictures of the five sculptures that were chosen for the Exhibition and the five alternates. He explained the process for recruiting artists to participate in the program. In April, sites will be chosen for placement of the sculptures.

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 13-103 to approve the 2013/14 Ames Annual Outdoor Sculpture Exhibition sculptures, as follows:

1. *Pivot* by James Anthony Bearden, Des Moines, Iowa
2. *Bunny* by Jeff Brewer, Nacogdoches, Texas
3. *Immaterial* by Chris Wubbena, Jackson, Missouri
4. *Transponder* by Steve Elliott, Wayne, Nebraska
5. *Horse* by John Howard, Hinesville, Georgia

and five alternates, as follows:

1. *Black Bird* by James Bearden, Des Moines, Iowa
2. *Tree* by Jeff Brewer, Nacogdoches, Texas
3. *Muso's Thought* by Steve Maeck, Floral City, Florida
4. *Imbroglia* by Zachary Schnock, Cedar Falls, Iowa
5. *Prayer Torso* by V. Skip Willits, Camanche, Iowa

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

REQUEST FOR WAIVER OF PARKING METER FEES FOR STORY COUNTY COMMISSION OF AMES VETERANS AFFAIRS: Moved by Davis, seconded by Szopinski, to adopt RESOLUTION NO. 13-107 approving a waiver of fees for meters surrounding 516 Kellogg Avenue for a Story County Commission of Ames Veterans Affairs event on Friday, March 15, 2013.

Brett McClain, 126 South Kellogg, Ames, spoke as the Director of the Story County Commission of Ames Veterans Affairs. He explained that the event to be held on March 15, 2013, would be the first “Homeless Standdown,” and told the Council how the event came into being. A meal will be served to the homeless and those nearly homeless. The event will be held at the First United Methodist Church at 516 Kellogg, and the affected parking would be adjacent to the Church in the 500 Block of Kellogg Avenue and 200 Block of 5th Street, respectively. The parking would be used by their volunteers and staff from the Veterans Administration Hospital, who will provide medical, dental, and vision care.

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

INTEGRATED NETWORK STORAGE SOLUTION: Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 13-104 awarding a contract to RSM McGladrey of Des Moines, Iowa, in the amount of \$105,753 for the purchase of Integrated Network Storage Solution.

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

RETENTION OF OUTSIDE COUNSEL TO ASSUME CITY PROSECUTIONS: Acting City Attorney Judy Parks advised that Assistant City Attorney Kristine Stone had recently accepted the position of City Attorney of Bettendorf, Iowa, and will be assuming that post on April 1. In her current position for the City of Ames, Ms. Stone handles all of the criminal and infraction prosecutions. Since the caseload is continual and time-sensitive, it would be very difficult for Acting City Attorney Judy Parks to undertake the additional work. The proposed temporary resolution is to authorize the prosecutions be done on the City’s behalf by Dorsey & Whitney, the Des Moines firm that was retained on a standby basis shortly after City Attorney Marek resigned.

Council Member Wacha recalled that the Dorsey & Whitney firm had approached the City a couple years ago offering to handle prosecutor services on a pro-bono basis as part of the firm’s commitment to participate in programs that serve the public interest. Ms. Parks advised that the pro-bono services are no longer being offered; that was a short-term arrangement to allow attorneys from Dorsey & Whitney to gain litigation experience. Ms. Parks requested approval to use up to \$10,000 of the previously allocated \$50,000 to retain Dorsey & Whitney to handle City prosecutions as long as the staffing situation makes it necessary.

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 13-108 authorizing the retention of outside counsel to assume City prosecutions.

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

RESIDENT SATISFACTION SURVEY: Public Relations Officer Susan Gwiasda stated that the City is again working with Iowa State University’s Institute for Design Research and Outreach to produce, distribute, and analyze the 2013 Resident Satisfaction Survey. Each year, a small amount of space is reserved for a current issue question(s) to be added. Ms. Gwiasda had provided a list of potential topics for additional survey questions and asked the Council to come to consensus on any new questions to be explored. She said the consultant had asked her to remind the Council, if additional questions are suggested, to think of two things: is the information already available somewhere else and what would be done with the information.

Council Member Wacha pointed out that it would be beneficial to know the perceived need for continued tax-funded public WiFi hot spots at outdoor locations; however, that information should be able to be gleaned from the data of how many people are connecting and for long. He suggested

that a question about the Yard Waste Free Day would be a good one since the City recently changed the service provider and location. Ms. Gwiasda said that the timing of the Survey could be an issue for that question. Yard Waste Free Day is set for April 27, and the Survey would be sent out at the end of March or beginning of April. Some respondents may base their response on past Free Day experiences.

Council Member Goodman would like to know if people would be willing to pay more for an increased level of service for Yard Waste Free Day (perhaps more than one day so there would be shorter lines) or pay less for a decreased level of service.

Council Member Szopinski said she would like a little more time to get input from others on possible questions. Ms. Gwiasda said that the Survey needs to be sent out by the end of March, and it takes some time to assemble it.

Council Member Orazem expressed his frustration over the length of time it takes to get shared use paths built. He wondered if it would be possible to ask people's willingness to volunteer to help build shared use paths if the design and engineering is provided by the City. Discussion ensued about potential liability issues if volunteers are used to build City trails. City Manager Schainker agreed to talk to Public Works about that concept.

Council Member Szopinski would like to ask the public if they wish for the City to revisit the issue of the lack of owner-occupied property maintenance standards. Ms. Gwiasda said she thought that was included on a past Survey. It was recalled that the question had been sent out on a separate Web-based survey approximately four or five years ago. City Manager Schainker said it could be included in this year's Survey.

Council Member Davis questioned whether it was cost-effective to mail out the paper version of the Resident Satisfaction Survey rather than transitioning to an all-electronic version. Ms. Gwiasda advised that the City does not have a good database of e-mail addresses for the general population to have a scientific survey through e-mail. It can be done through the University because the City uses their database, and it can be randomly surveyed. Mr. Schainker noted that presently, utility customers are not required to provide their email addresses. The City does not have an email address for every customer. If that is something the Council wants, it would be necessary to mandate that information on utility applications. Ms. Gwiasda noted that the consultants had told her that the response rate to surveys where the respondent is directed to go to a web site is extremely poor - 1 or 2%. It is an extra step that people do not want to take the time to do. At the inquiry of Council Member Davis, Ms. Gwiasda answered that the City spends approximately \$2/booklet with postage. It sends out 1,350.

ORDINANCE MAKING MODIFICATIONS TO *MUNICIPAL CODE* CHAPTER 21 (SIGN CODE): Moved by Szopinski, seconded by Davis, to pass on second reading an ordinance making modifications to *Municipal Code* Chapter 21 (Sign Code).
Roll Call Vote: 5-0. Motion declared carried unanimously.

ORDINANCE MAKING MODIFICATIONS TO *MUNICIPAL CODE* APPENDIX N RELATING TO THE TITLES OF CHAPTERS 5 AND 21: Moved by Goodman, seconded by Wacha, to pass on

second reading an ordinance making modifications to *Municipal Code* Appendix N relating to the titles of Chapters 5 and 21.

Roll Call Vote: 5-0. Motion declared carried unanimously.

COUNCIL COMMENTS: *Ex officio* Sawyer Baker announced that Ames had been named as the "Second Best College Town for Populations Under 250,000" by the American Institute for Economic Research. She named some of the factors used to make that determination. Mayor Campbell noted that *USA Today* had reported it as well.

CLOSED SESSION: Moved by Davis, seconded by Wacha, to hold a Closed Session as provided by Section 20.17(3), *Code of Iowa*, to discuss collective bargaining strategy.

Roll Call Vote: 5-0. Motion declared carried unanimously.

The meeting reconvened in Regular Session at 8:18 p.m.

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 12-105 ratifying the contract with the Public, Professional, and Maintenance Employees (PPME).

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

ADDITIONAL COUNCIL COMMENTS: Council Member Goodman asked about the zoning designations for the three parcels of the former Middle School that are in the process of being sold to the Breckinridge developers. City Manager Schainker clarified that two parcels are zoned Low-Density Residential and one is zoned Suburban Residential. The Low-Density Residential parcels are already developed areas; it is only the Suburban Residential parcel that is in the New Lands area. The City Council would make the decision as to what zoning designation would be applied to the Suburban Residential. Mr. Goodman asked what the time line would be if the Council has any interest in ensuring that the Suburban Residential parcel would be low-density. Specifically, he wanted to know if it would be made more difficult if the new owner was in possession of the property. Mr. Schainker said staff would have to check the *Iowa Code*, but there are some provisions for protesting the zoning designation. Depending on whether criteria are met for validating the protest, it could force the number of votes required to make the change to three-fourths of the Council or five votes instead of four. The Council was also informed that the property owner may apply for rezoning or the City Council may initiate the rezoning.

Moved by Goodman, seconded by Szopinski, to direct staff to provide, at the March 26, 2013, Council meeting, a report on the rezoning process and options for the former Middle School.

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

ADJOURNMENT: Moved by Davis to adjourn the meeting at 8:31 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

**MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL AND
SPECIAL JOINT MEETING OF THE AMES CITY COUNCIL AND ELECTRIC
UTILITY OPERATIONS REVIEW AND ADVISORY BOARD**

SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

MARCH 11, 2013

The Ames City Council met in special session at 7:00 p.m. on the 11th day of March, 2013, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor Pro Tem Matthew Goodman presiding and the following Council Members present: Davis, Orazem, Szopinski, and Wacha. Mayor Campbell and Member Larson were absent. *Ex officio* member Baker was also absent.

MOTION APPROVING OUTDOOR SERVICE AREA EXTENSION FOR DUBLIN BAY, 320 SOUTH 16TH STREET: Moved by Davis, and seconded by Orazem to approve the outdoor service area extension.

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

RESOLUTION ADOPTING REVISED RENTAL HOUSING FEES: Moved by Davis, and seconded by Wacha to adopt the revised rental housing fees.

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

RESOLUTION APPROVING CONTRACT AND BOND FOR CYRIDE BUS FACILITY EXPANSION: Moved by Davis, and seconded by Orazem to approve the contract and bond for the CyRide bus facility expansion.

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

ADJOURNMENT: The meeting adjourned at 7:01 p.m.

**SPECIAL JOINT MEETING OF THE AMES CITY COUNCIL AND ELECTRIC
UTILITY OPERATIONS REVIEW AND ADVISORY BOARD (EUORAB)**

City Manager Steve Schainker said the decisions regarding the two topics this evening will be very important as they will chart the course of the electric utility and disposing of refuse in Ames and Story County for many years. He said the information will be plenty, and the alternatives could be controversial, so no decisions will be made this evening; rather, more meetings and further discussion will take place over the next few months so the Council is comfortable with the decisions. Mr. Schainker said what will be challenging is, there is no easy or clear path for combining the two utilities, so working together to come up with the best course of action in the coming year will be very important. He told the Council that the electric utility will have to describe its future in the next couple months, but there is time to proceed cautiously.

PRESENTATION OF GASIFICATION FINANCIAL ANALYSIS REPORT FROM HDR:

Public Works Director John Joiner introduced Lori Calub, Financial Modeler and Karl Fryklind, Principal Engineer for the project. Mr. Joiner said in 2011 conversion technologies were presented, and through that process gasification was identified as the most feasible technology. He said HDR's study will determine costs for different configurations of gasification equipment that would be compatible with any option that could be selected as a result of the Energy

Resource Options Study. Mr. Fryklind noted that municipal solid waste (MSW) has been converted to refuse derived fuel (RDF) at the Resource Recovery Plant since 1975. He also described gasification as a new and emerging technology that involves a partial combustion process with a limited amount of oxygen that produces a synthetic gas. He said several scenarios are being looked at using syngas. He said parameters being used for the scenarios include the facility size, which will accommodate 300 tons per day, and the RDF to gasification would be 85% of MSW converted into syngas, and the remaining 15% would remain as residue or char. He said of the 85%, 65% would be syngas energy, as some of the energy is lost during the conversion process in the heat.

Mr. Fryklind described the mass burn option as the MSW being burned and converted to electricity through a conventional steam turbine cycle. He said there would be 28% ash residue with this option.

Mr. Fryklind reviewed the six scenarios:

- Scenario 1: Syngas being used as a supplemental fuel into each of the City's existing coal-fired boilers
- Scenario 2: Syngas being used as a supplemental fuel into each of the City's existing boilers, which would be converted to natural gas
- Scenario 3: Syngas being used in a new combustion turbine generator set connected to the electrical distribution grid
- Scenario 4: Syngas being combusted in a dedicated internal combustion generator set connected to the electrical distribution grid (conditioning would include cooling, acid gas removal, and particulate control)
- Scenario 5: Syngas being combusted in a dedicated package boiler generator set connected to the electrical distribution grid (will not require any conditioning)
- Scenario 6a: Retire the Resource Recovery Plant and construct a mass burn to energy facility that would generate electricity using raw MSW
- Scenario 6b: Retire the Resource Recovery Plant and construct a mass burn to energy facility that would generate electricity using shredded MSW.

Ms. Calub reviewed the system expenses and the system revenues. She said operations and maintenance cost assumptions were developed for each scenario. She said all scenarios have common cost components, but the gasification systems will involve the purchase of RDF and operation and maintenance of RDF storage bins, and that the mass burn options would involve different costs. She reviewed more details on costs and revenues for each scenario.

Mr. Schainker said with the debt service alone, the least expensive options are scenarios one and two, at about \$3.9 million. He said the current total budget for Resource Recovery is about \$3.7 million. He said these scenarios also have capital investments of over \$33 million, and with that new debt, it has to be determined how to pay for it. He said if it was paid for with per capita (subsidy paid on property taxes from citizens in the county), which is currently about \$9.10, that would need to be increased to \$44.63 or \$43.72 depending on the option. He said if the tipping fee was used to pay for the increase, that fee would need to go from \$54 to \$105 or \$107. He said the City of Ames desires to be innovative, but there is no other plant that is using MSW and gasification that can be looked at for comparison.

Council Member Orazem asked if these costs involve any changes that would need to be made to the electric utility. Mr. Fryklind said these costs are independent of any other changes the electric utility would need to make. Management Analyst Brian Phillips said the cost to convert the boilers to accept syngas would be included in the capital expense. Mr. Fryklind clarified in scenario two that the conversion from a coal-fired plant to natural gas is not included but cost to modify the burners to accept syngas is included in the costs.

Discussion continued on the scenarios, costs, and financing options. Mr. Joiner said it is important that the two studies being discussed tonight are running parallel as the options are laid out.

OVERVIEW AND PRELIMINARY DISCUSSION OF ENERGY RESOURCE OPTIONS STUDY FROM BLACK AND VEATCH:

Electric Services Director Don Kom introduced Bob Slettehaugh and Natalie Rolph of Black and Veatch. He said they will be looking at the Electric side of this question, and said the study was needed because of three different categories of information: Environmental Protection Agency's (EPA) several rules and proposed rules; natural gas being more abundant with a lower cost, and now the fuel of choice of the EPA; and other energy options available including the Midwest Independent System Operator (MISO) market, buying into a unit, and solar or wind. Mr. Kom said a Request For Proposals was put together to look at the rules of EPA and identify possible solutions to meet the rules with existing or new generation, consider impacts of MSW that is processed into RDF and co-fired with coal, then cost out the options and economically model the options using forecasted costs looking out to 2037, then make a final recommendation that will include consideration of the City's values. Mr. Kom said a recommendation was not desired from Black and Veatch, but rather a report with all costs associated with each option so staff and Council can study the options.

Mr. Trower said there are two big rules before them: the Cross State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standard (MATS). Mr. Trower further explained that CSAPR will regulate sulfur dioxide (SO₂) and nitrogen oxides (NO_x) but has temporarily been vacated, and that MATS imposes emission limitations on mercury, acid gases and other hazardous air pollutants emitted from coal fired steam units. He said that by April, 2015 the City of Ames must comply with these rules.

Mr. Trower told the Council that they looked at many alternatives for units 7 and 8, and ended up with 16 options. Mr. Trower reviewed the process so far, and said Black and Veatch was chosen because the firm is good at both studying the options and making determinations, and was the only entity with a very sophisticated computer model that can predict year by year what can be done and what commitments should be made. Black and Veatch further analyzed five of the 16 options.

Bob Slettehaugh of Black and Veatch reviewed the approach to the study. He also reviewed the study workflow and how the complete list of possibilities was funneled down. He told the Council that Black and Veatch studied units 7 and 8 and their emissions from 2003 to 2010. SO₂ would need reduced by 13 - 34% and NO_x would need reduced by 60-70%. He said control technology could be added, allowances could be purchased, or the City could change how much the units are operated to stay within the annual limit. Mr. Slettehaugh described the qualitative screening and ranking of the different options, and said that some were eliminated based on the gap analysis.

Mr. Slettehaugh reviewed the key findings. He said in general, updating Unit 8 will be more cost effective than changing Unit 7. Mr. Kom said RDF can continue to be burned if coal is burned and also if natural gas is burned, but it is believed that less RDF can be burned on gas since the heat intensity of a coal fire is hotter and RDF is consumed more efficiently. Discussion ensued on the process of burning RDF.

Mr. Slettehaugh said to control NO_x, Low Nox Burner (LNB) and Over Fire Air (OFA) would be cost effective methods. He said Powder Activated Carbon (PAC) also known as Activated Carbon Injection (ACI), and Dry Sorbent Injection (DSI) are cost effective ways to reduce MATS. Other systems were described, and discussion ensued on how these methods could be utilized. Mr. Trower noted that the Power Plant is confined to a certain physical area, so re-routing would be very difficult.

Mr. Orazem asked when a decision would have to be made if the City of Ames wanted to participate in the gas line that ISU is participating in. Mr. Kom said contracts will be signed by April 1 so to participate in that contract is not likely. He said a new gas line is what is being looked at, which would come from Story City. Discussion continued regarding the options to participate in a new gas line. Mr. Trower said there is 2.25 years left in the coal delivery contract, and there would be a penalty. Mr. Kom said staff will come to Council again in the near future to make a recommendation to Council for how to handle RDF and the Electric needs of the community. Mr. Davis asked what the time frame would be if the decision is made to convert to gas. Mr. Kom said a couple years from a Power Plant standpoint, but the process is extensive.

Mr. Slettehaugh said as soon as possible would mean about a 30 month schedule for converting to gas. Another option is to delay changes until 2020 to see how legislation comes out. Mr. Schainker asked what the interim step is. He said the City could continue operating on coal, and would need MISO in the near term.

Mr. Slettehaugh reviewed the options. Discussion ensued regarding the options.

The Council recessed at 9:12 p.m. and reconvened at 9:17 p.m.

Natalie Rolph told the Council that the goals of the Energy Resource Options Study include identifying the City's least-cost environmental compliance plan and estimating the impact of the continued RDF use. She said the approach by Black and Veatch involved characterizing the assumptions about the marketplace, identifying the key compliance options and the system constraints, using an optimum generation expansion model to test combinations of compliance and growth options finding least-cost plans, and checking the robustness of selected plans. She said the system in total must be looked at.

Ms. Rolph said through the year 2037 the utility will need another 34 megawatts. She told the Council that Black and Veatch started their own forecasting services about 5 years ago. She said internally they have national models of the national power sector by about 100 different markets, and that they are able to forecast gas prices, electric prices, and allowance markets. She showed a graph showing the natural gas price forecast. She said City of Ames prices are slightly higher than general market prices, and winter prices run approximately 20% higher than summer prices. She also reviewed the coal and RDF price forecast. Mr. Orazem asked about CO₂ as an option. Ms. Rolph said it is extremely expensive, and the last measure you would go to.

Council Member Szopinski asked about alternative energy sources and how they would fit into the scenarios in part. Ms. Rolph said to get to 2050 with 80 % CO₂ reduction will take a lot of wind, solar, demand side management, etc. Discussion ensued. Mr. Trower said the CO₂ tax is being looked at, but if there is not that tax, it could change the order of the options. The other assumptions and constraints were reviewed including insurance, cost of debt, carrying charges, transmission assumptions, minimum load levels, and equipment retirement costs.

Discussion ensued regarding the prices of the options. Mr. Kom told the Council that \$30.5 million is already in the CIP. Mr. Kom said less RDF is burned in unit 7 than 8, and Ms. Rolph added that there are many costs associated with retiring a unit. Further discussion ensued regarding costs of the options. Mr. Schainker said page 8 of the staff report shows the capital costs associated with the options. He said it isn't an option to do nothing.

Ms. Rolph reviewed forecast comparative revenue requirements. She said if no RDF is burned, a lot more energy would be purchased from the marketplace. Mr. Trower said prior to 2008, the City's production price was lower on average than the market price. Now, the City's production price is above the average purchase power price. He said Black and Veatch is forecasting that Ames' price will remain above the average purchase power price. Mr. Goodman asked about wind. Ms. Rolph said whatever is done with units 7 and 8 is separate from wind. Ms. Szopinski asked about the increase in Ames' price and asked how the study can help. Mr. Trower said during the market price constraint in the summer, the City wants to be generating because it's much more expensive to buy off the market. Ms. Rolph said EPA would not even allow Units 7 and 8 to operate as is without modifications. Mr. Slettehaugh said we have to have the capacity, and want to get the cheapest capacity we can. Discussion ensued regarding MidAmerican Energy. Mr. Trower said Ames could do a bilateral agreement with MidAmerican Energy with no ownership or buy off the MISO market.

Ms. Rolph said that the option without RDF and converting both units 7 and 8 to natural gas is the least cost option. Mr. Davis asked about the difference in prices for the options where RDF is still burned. She said the difference in prices are gas prices and buying from the market.

Mr. Kom said that staff will be reviewing and analyzing the effects of a newly proposed EPA rule, which would make it necessary to be in compliance at all times, even during shut down, start up, and repair of the units. He said this proposed rule will likely result in at least one more option. He said a finalized report will be presented to City Council in a couple weeks, and staff will make a recommendation on a preferred option to EUORAB and City Council.

Mr. Trower said our situation doesn't lend itself to a building block approach, rather a distinct path must be chosen. He said it would be prudent for staff and Council to recommend and approve the right path. Mr. Goodman asked about the Council's policy of 15% being renewable energy. Mr. Kom said the wind that we have today provides that 15%. Mr. Wacha asked if the study included costs or revenue from a recycling program if it is decided to move away from RDF. Mr. Trower said that is not included in the study. Mr. Schainker said that study was done some years ago. Mr. Orazem asked if the accounting for alternative energy generated accounts for other efforts. Mr. Kom said we are not gaining any credits for the demand side management program. He also said that together with the Resource Recovery Plant, Electric has requested that RDF be recognized, but at this time it is not being counted.

COMMENTS: Mr. Orazem said both reports were very well done. Ms. Szopinski also thanked staff for the reports.

ADJOURNMENT: The meeting adjourned at 10:30 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

Erin Thompson, Recording Secretary