

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

AMES, IOWA

OCTOBER 14, 2014

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

The Ames City Council met in joint session with the Electric Utility Operations Review & Advisory Board (EUORAB) at 5:30 p.m. on the 14th day of October, 2014, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor Ann Campbell presiding and the following City Council Members present: Gloria Betcher, Amber Corrieri, Tim Gartin, Chris Nelson, and Peter Orazem. Council Member Goodman arrived at 5:50 p.m. *Ex officio* Member Lissandra Villa arrived at 7:03 p.m. Members of the EUORAB present were Cathy Brown, Jim Converse, Justin Dodge, and John Russell. Steve Goodhue, EUORAB Member, was absent.

NATURAL GAS DELIVERY TO AMES POWER PLANT: Donald Kom, Director of Electric Services stated that the Power Plant conversion project is required to meet future Environmental Protection Agency (EPA) air quality requirements for electric generating power plants. In recent years, the electric utility industry, particularly utilities with fossil-fueled generation resources, has been challenged by the introduction of several major environmental regulations promulgated by the EPA. At the same time, the price and supply of natural gas has dropped significantly in the United States. These two factors together have caused the industry to reevaluate its strategies of how to generate electric power.

According to Mr. Dom, the City of Ames, with its two coal-fired generating units (47 and 32 years old), has carefully assessed its future role of supplying power for the City's electric ratepayers. On October 30, 2013, the EUORAB voted to recommend that City Council approve conversion of the City's power plant from coal to natural gas. On November 12, 2013, the City Council voted to convert the City's power plant from coal to natural gas.

Director Kom explained why the City has chosen not to continue to use coal. In the years preceding Council's decision to convert to natural gas, Electric Services staff and contracted consultants had been carefully studying electric generating and power supply options to meet the community's future needs. Under consideration were current, pending, and anticipated environmental rules, as well as increased availability and reduced pricing of natural gas. Staff's research had determined the two most viable options were to continue to burn coal and install emission-reducing technology or convert the boilers to burn natural gas. Both choices were expensive. Because the decision has long-term impacts on electric rates and other community aspects, the Electric Utility Operations Review and Advisory Board (EUORAB) held two public forums. Input from those forums was shared with the City Council. After considering the input and information provided to date, Electric Services staff recommended to the EUORAB and to the City Council that Power Plant Units 7 & 8 be converted to natural gas. The considerations that justified that decision were given as follows:

1. The Black & Veatch Study indicated that the new and proposed rules from the Environmental Protection Agency could be met using either a coal/RDF-fueled power plant or a natural gas/RDF-fueled power plant.
2. Capital and operating cost comparisons of the two options did not indicate one to be a clear lower cost option.

3. Further analysis by staff regarding environmental, social, fuel sourcing, constructability, and regulatory comparisons clearly indicated that conversion to natural gas/RDF operation is the correct recommendation at this time

Mr. Kom advised that implementing the decision to convert to natural gas requires a significant amount of engineering, installation of equipment, and modification and construction in the Power Plant. He further stated that it is known that the existing gas transportation system, i.e., pipeline, to Ames is inadequate to support operating the power plant on natural gas. An adequate source of gas exists in the form of two Northern Natural Gas (NNG) large-capacity, high-volume, and high-pressure pipelines running east and west near Story City. A tap line is needed from one of those pipelines to Ames and into the Power Plant. According to Mr. Kom, the issue before the City Council and EUORAB is to determine how best to provide gas transportation service from the Northern Natural Gas transmission line to the Ames Power Plant.

Director Kom then outlined the next issue, which was who should build and own the gas transmission line. He said that, to assist in making that decision, staff analyzed two options to eliminate the gas transportation limitation. The first was to construct a 13-mile gas line to be owned and operated by the City, and the second was to enter into a gas delivery contract with Alliant Energy a/k/a Iowa Power and Light (IPL) with IPL building, owning, and operating the gas line. The two options were explained in more detail by Director Kom. Regarding Option 1 (City builds, owns, and operates), it is estimated that, taking into account debt service and annual operating costs over a 30-year period, the present value cost would be \$20,272,000. For Option 2 (IPL builds, owns, and operates), the present value cost over a 30-year period is \$23,490,000.

Mr. Kom noted that the present value cost of the City contracting with IPL for gas transportation service is approximately 16% more expensive than the City building its own gas transmission line. He advised, however, that there are several factors that weigh in favor of contracting with IPL. Those factors were explained, as follows:

1. Costs related to construction and operation of the pipeline will be fixed and identifiable for the first ten years of the contract. The only uncertainty is in the area of rate increases after Year 10. Those increases would be tied to rate adjustments approved by the Iowa Utilities Board (IUB) and will create some minor uncertainty under Option 2. In contrast, for the City-build option (Option 1), there is greater uncertainty in the material cost, construction cost, easement costs, and operational costs. A slight deviation from those estimated costs could easily wipe out the expected financial advantage of the City-build.
2. Iowa Power & Light has already received IUB approval, acquired easements, and nearly completed construction of the majority of the line to Barilla. Approval of the IUB is only needed for the final 4.5 miles up to the Power Plant, and most of that is located within the City of Ames. In contrast, the City-build option will require the development of a route from Story City to Ames, which then needs to be filed with the IUB for the entire 13-mile section of the line.
3. The new requirements of the Environmental Protection Agency (EPA) go into effect for the Ames' Power Plant on April 16, 2016. There are several components within the City-build option that are outside the control of the City, including delays in gaining a franchise, delays in easement procurement, material or construction delays - all which could cause the City

to miss that deadline. Contracting with IPL will have far less risk, as IPL is much further along in the process.

4. No City staff time will be needed to manage the construction project. Administrative staff can focus its resources on the Plant conversion itself.
5. After the first ten years of the contract, the City can continue the contract for up to an additional 20 years, or stop taking service. This gives the City more flexibility to determine how best to adjust to changing utility needs in the future. In contrast, the City-build option is designed with continued debt payments for a total of 30 years.

Director Kom stated that careful consideration was made to build flexibility into the agreement to handle expected changes in the electric industry. A summary of the components of the proposed contract with IPL to build and operate the gas line was given, as follows:

1. Term. The initial term of the agreement is ten years. The City reserves the right to extend the agreement for one (1) additional ten-year term followed by up to two additional five-year terms. That flexibility allows the City to have a long-term contract if needed or to shorten it if the City's generation needs change.
2. Service Quantities. Gas contracts are priced based on two components: demand and throughput. The gas is measured in dekatherms (Dth), which was defined as the quantity of heat energy which is equivalent to one million Btu.

Mr. Kom defined *demand* as "renting" space on the pipe. He stated that the City will request that a specified amount of space be reserved for its use in the pipe at all times. The City would pay for that regardless of the amount of gas that flows through the pipe. According to Mr. Kom, the City's maximum daily demand if Units 7 and 8 were both run wide open is 30,900 Dth/day. However, based on the Power Plant's operating criteria in the summer and winter, the City would contract for 19,000 Dth initially, which is based on the amount of natural gas used by Unit 8 at its peak operating level in the winter season. The contract specifies that the demand level cannot be lowered below 19,000 Dth in the first ten years of the contract, but can be increased if the City desires. Following Year 10 of the agreement, the contract allows the City to adjust that amount up or down.

Mark Lambert, Assistant City Attorney, answered a question posed by Council Member Goodman pertaining to rate increases allowed by the IUB. Mr. Lambert said that his experience while working on the IUB was that it never denied a rate increase requested by an entity. The Demand Rate varies over the term of the agreement.

According to Director Kom, for the initial five-year term of the agreement, the Demand Rate is \$6.90/Dth-month. At the contracted amount of 19,000 Dth, that would equate to \$1,573,200 over a year. For Years 6 - 10 of the agreement, the Demand Rate would drop to \$3.20/Dth/month. At the contracted amount of 19,000 Dth, it would equate to \$729,600 over a year. For Years 11 - 20 of the agreement, IPL has the right to adjust the Demand Rate equal to the percentage change in its Large General Service Transportation Rate approved by the IUB that occurred over the first ten years of the agreement. For Years 21 - 25 of the agreement, IPL has the right to adjust the Demand Rate equal to the percentage change in

its Large General Service Transportation Rate approved by the IUB that occurred between year 11 and 20 of the agreement. For Years 26 - 30 of the agreement, IPL has the right to adjust the Demand Rate equal to the percentage change in its Large General Service Transportation Rate approved by the IUB that occurred between year 21 and year 25 of the agreement.

Council Member Orazem inquired whether the City could go back to burning coal if the need were to arise. Director Kom answered that the City could not based on the EPA regulations.

Per Mr. Kom, based on the current Plant operating parameters, it is estimated that the Plant will use 4,000,000 Dth/year over each of the next ten years. Director Kom defined *throughput* as “use” of the pipe and is based on the amount of gas that flows through the pipe. The throughput level is a measure of the volume of gas actually transported. Each year of the first ten years of the agreement, the City would be billed based on the higher of: (1) 3,100,000 Dth/year or (2) the actual amount transported. If the City transports less than 3,100,000 Dth in a given year, the City is billed for 3,100,000 Dth. Following Year 10 of the agreement, the 3,100,000 Dth floor goes away and the City is only billed based on the volume of gas transported. According to Mr. Kom the Throughput Rate would vary over the term of the agreement. For the initial five-year term of the agreement, the throughput rate would be \$0.1725 per Dth. At the estimated year’s usage of 4,000,000 Dth from above, that would equate to \$690,000 per year. For Years 6 - 10 of the agreement, the throughput rate drops to \$0.08026/Dth/month. At the estimated year’s usage of 4,000,000 Dth, it would equate to \$321,040/year. For Years 11 – 20 of the agreement, IPL would have the right to adjust the throughput rate equal to the percentage change in its Large General Service Transportation Rate approved by the IUB that occurred over the first ten years of the agreement. For Years 21 - 25 of the agreement, IPL would have the right to adjust the throughput rate equal to the percentage changed in its Large General Service Transportation Rate approved by the IUB that occurred between Year 11 and Year 20 of the agreement. For years 26 - 30 of the agreement, IPL has the right to adjust the throughput rate equal to the percentage changed in its Large General Service Transportation Rate approved by the IUB that occurred between Year 21 and Year 25 of the agreement.

3. Contribution in Aid to Construction. Under the agreement, IPL would be constructing an additional 4.5 miles of gas pipeline from the IPL-DuPont Regulation Station. Because the City desires to maintain the ability to increase its demand level to as high as 30,900 Dth in the future, IPL must oversize the 4.5 miles of pipeline today. The City’s share of the cost to install the larger pipe is \$4,529,140. The contract requires the City to pay IPL 15 equal installments beginning with the first month following the approval of the agreement. In exchange, the City is guaranteed rights to 30,900 Dth of capacity in the 4.5 mile section over the life of the agreement.

Director Kom advised that the FY 2014/15 Capital Improvements Plan previously approved by the City Council includes \$17,000,000 for the purpose of constructing a gas line. The prepayment of \$4,529,140 would be funded from that CIP project. The monthly demand and throughput charges from IPL will be funded on a year-by-year basis from the Electric Services Operation & Maintenance budget.

4. Other Significant Features of the Agreement. Mr. Kom explained that IPL is committed to complete the gas line prior to April 16, 2016 - the date by which the City needs to be

converted to natural gas to meet the EPA deadline. The City is required to begin paying the demand charge in April 2016, even if the City is not ready to accept gas. The throughput payments can be delayed up to six months, if necessary, should the City's conversion not yet be complete. Subject to some restrictions, the City is allowed to tap the proposed line to add additional service points for future City gas needs. The City can add additional generation and use the new line to provide gas to the Plant at the same rates in effect at the time. For Years 6 – 10, the City can sell/transfer a portion of the throughput floor (3,100,00 Dth) to DuPont, Iowa State University, or Lincolnway Energy. Mr. Kom noted that that would be advantageous to the City in the event plant operations change in the future.

5. Alliant Agreement to Deliver Coal Prior to the Conversion. Mr. Kom noted that, presently, the City receives coal deliveries for the Power Plant from Williams Bulk Transport (WBT), which is a separate subsidiary of Alliant Energy (IPL). That coal contract will expire on December 31, 2015, which is prior to the time that the Power Plant will be entirely converted over to natural gas; that means that arrangements are still needed for WBT to supply coal after December 31, 2015, until the time the Plant conversion is complete. According to Mr. Kom, WBT has offered to stockpile additional coal at its site using train deliveries through December 31, 2015. WBT will then deliver that coal by truck to Ames beginning in 2016 at the same price in effect in 2015. In addition, the City can store approximately 40,000 tons of coal on site; which is enough to operate the plant for roughly 65 days.

According to Director Kom, in view of the fact that IPL is the community's only provider of natural gas delivery, prior to approving this agreement, the City Council will need to waive the competitive bidding requirements of the City's Purchasing Policies and Procedures.

Cathy Brown, Chairperson of the EUORAB, the Board reviewed this item at a special meeting on October 9 and recommended that the City Council waive its formal bidding requirements and award a contract to Interstate Power & Light (IPL) for natural gas delivery service from a Northern Natural Gas pipeline near Story City to the Ames Power Plant, subject to the following: (1) The summary of future rate increases be corrected in the EUORAB Action Form, and (2) the City obtain an acceptable letter from WBT ensuring that the City has coal delivery as needed.

Moved by Orazem, seconded by Corrieri, to waive the City's formal bidding requirement and approve the contract with Interstate Power & Light (IPL) for natural gas delivery service from the Northern Natural Gas pipelines near Story City to the Ames Power Plant, contingent upon the City staff and Williams Bulk Transport reaching an acceptable agreement on continuation of coal supply, as needed, in 2016.

Dee Brown, Director of Gas Planning, Engineering, and Services for Alliant Energy, explained how the costs are calculated that would be charged to the City. Ms. Brown believes what would be charged to the City would be its fair share of capacity.

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

ADJOURNMENT: Moved by Nelson, seconded by Corrieri, to adjourn the meeting at 6:46 p.m. Motion declared carried unanimously.

REGULAR MEETING OF THE AMES CITY COUNCIL

The Regular Meeting of the Ames City Council was called to order by Mayor Campbell at 6:54 p.m. on the 14th day of October, 2014, in the City Council Chambers in City Hall, 515 Clark Avenue. Present from the Ames City Council were Gloria Betcher, Amber Corrieri, Tim Gartin, Matthew Goodman, Chris Nelson, and Peter Orazem. *Ex officio* Member Lissandra Villa was also present.

Mayor Campbell announced that the Council would be working from an Amended Agenda. The wording was changed for Item 1c under Administration, i.e., Iowa State University Research Park, Phase III. The amended wording now reflects that a Resolution of Necessity to establish an Urban Renewal Area and to set the date of public hearing for November 10, 2014, will be needed.

IOWA STATE UNIVERSITY RESEARCH PARK, PHASE III: City Manager Steve Schainker pointed out that many of the recent economic development successes that the City of Ames has experienced were attributable to the presence of the Iowa State University (ISU) Research Park within the city limits. He noted that the City reaps the benefits of the increase in high-quality job opportunities from businesses locating in the Research Park. The City has also benefitted because the improvements continue to generate property tax revenues to help fund City operations and fully developed land can be offered to attract prospective companies as an incentive at a below-market rate.

Mr. Schainker said that it appeared that the most viable source of funding for Phase III would be through a tax increment financing incentive. He noted that staff had warned the Council in the past that use of the tax increment financing incentive poses a level of risk should the property not develop as quickly as hoped. That risk is heightened when a debt is incurred to build public infrastructure in advance of sufficient incremental tax valuation growth to cover the debt payments. It was emphasized by Mr. Schainker that, while the staff has included many provisions in the Agreement that somewhat mitigate the risk, it still remains. He said staff believes that, given the overwhelming success of Phases I and II, the benefits associated with the further expansion of the Research Park outweigh the level of risk involved with the next phase.

Steve Carter, President of the ISU Research Park, noted that in years past, the City of Ames had played a major role in the development of the initial two phases of the Research Park. With Phase II of the Research Park nearly full, Mr. Carter believes that it is now time to begin development of the next phase. To assist with this new venture, the Research Park Corporation is once again seeking substantial financial assistance from the City.

Mr. Schainker stated that the proposed Development Agreement outlines the parties' responsibilities to accomplish Phase III. The Agreement is basically patterned after the previous agreements for the initial two phases of the Research Park, as well as after the Development Agreement for the Ames Community Development Park in East Ames, and anticipates that City funding will come from a tax increment financing (TIF) incentive.

City Manager Schainker provided a summary of the Development Agreement's components:

1. The Project. Phase III will include a total of approximately 79 gross acres with approximately 34 acres of that total available for development. Through the financial assistance from the State of Iowa, \$12 million was appropriated to the Research Park for construction of the first building in this Phase (Hub building). It is anticipated that most of

the economic development support offices that are currently spread throughout the ISU campus will be centralized in that new Hub building. In addition, many of the tenants occupying buildings adjacent to the Hub building will be businesses that provide professional and commercial support services to Research Park companies and employees.

Mr. Schainker said that the City Council would need to approve a new zoning classification for the Research Park to accommodate the types of mixed uses, i.e., industrial/commercial/retail.

2. City Responsibilities. Section IV(A) of the Agreement outlines the City's responsibilities for designing and installing water mains, sanitary sewer mains, and street improvements. The street improvements will primarily be funded by IDOT through a RISE grant, which covers 80 percent of the costs up to \$3,778,833. That will cover improvements related to street lighting, associated storm water facilities, a sidewalk on the west side of University Boulevard, on-street bike paths, and roundabouts.

Mr. Schainker advised that, although the parking areas along North Drive were included in the approved RISE grant application, IDOT staff recently informed City staff that RISE funds could not be used to pay for those parking areas. Unless that interpretation is altered, the parking costs will need to be borne locally. In that event, the Agreement provides that the City will pay one-third and the Research Park will pay two-thirds of the cost of providing on-street parking.

The City's only other responsibility is to share equally with Iowa State University in the cost of one off-site traffic improvement project. That traffic improvement project is the signalization of the westbound off-ramp at Highway 30 and University Boulevard, which is estimated to cost \$250,000.

City Manager Schainker stated that, based on the most recent cost estimates, the City's financial obligation associated with the Phase III Agreement is \$2,897,324 for the following improvements: street (\$944,708), on-street parking [Hub loop] (\$83,334), water (\$900,000), sanitary sewer (\$505,000), and contingency for projects (\$339,283). The total TIF-funded City obligation would be \$2,772,324. Pertaining to off-site traffic improvements, the City's obligation (through Road Use Tax) would be \$125,000.

3. Research Park Corporation's Responsibilities. Section IV(B) of the Agreement specifies that, in addition to paying for two-thirds of the cost of the on-street parking area for the Loop Drive, all other improvements needed to fully develop Phase III are the responsibility of the Research Park Corporation. The design and installation of the other improvements will be accomplished by the Research Park itself or else delegated to some other entity through a separate agreement.

Mr. Schainker credited Story County for its consideration of creative ways to become a partner in this type of economic development because of the positive financial impact this project will have on the County as a whole. To accomplish that participation, it is anticipated that the County will finance the improvement of the large open space situated between Phase II and Phase III. That area will serve as a naturalized storm water conveyance area for Phase III and will also provide green space for the development. That area will be designated as a County park to be maintained by Story County.

4. Job Creation. In order to qualify for the RISE grant, the City must guarantee to the IDOT that 365 new jobs will be created at Workiva (formerly WebFilings) within three years of the completion of the road improvements. Failure to accomplish that job creation would subject the City to a financial penalty. Mr. Schainker noted that the City is very optimistic that Workiva will continue to experience success with its corresponding job growth; however, there is still a risk to the City by entering into the RISE grant agreement. To mitigate that risk, Section VII of the Agreement provides for the Research Park to share equally in any amount the City is required to reimburse the State for non-attainment of jobs.

5. Cap On Land Price. The City's justification for financial participation in the development of its research and industrial parks includes the City's interest to facilitate growth in high-paying jobs, to provide below-market land cost as an incentive to companies new to or expanding within the community, and to permanently expand the City's property tax base. In order to ensure that the lots within the TIF districts are not sold for the going market rate, even though their development costs were reduced substantially by City subsidy, the TIF area Development Agreements have historically included a provision that caps the amount for which the land can be sold; that helps ensure that the subsidy provided by the City is passed on to the companies creating jobs, rather than being retained by the land owner. Due to the reduction in State support over the years, proceeds from the sale of land have become a major source of revenue to finance the operations of the Research Park. It was pointed out by City Manager Schainker that Section VI of the Agreement offers a unique twist to the City's standard approach in that it will allow the Research Park and City both to generate additional operating funds from the sale of land. A per-acre selling point of \$72,000 has been established that will allow the Research Park to recapture the cost of its land-related responsibilities specified in Section IV(B) of the Agreement. It includes such expenses as land, rural water buyout, natural gas, electric and landscaping. In accordance with Section VI, the Research Park will be entitled to retain the first \$72,000 per-acre in land sale price. However, it is further agreed that the parties will share equally in proceeds from the sale of land that exceeds \$72,000 per acre. The City will agree to utilize those funds for incentives to encourage existing businesses to expand or new businesses to locate in the Research Park or to reduce our debt service obligation.

6. Property Taxes. City Manager Schainker reiterated that the City's financial investment in this project is justified in part because of the on-going property taxes that will be generated. That revenue stream will help cover the City's operating costs to serve this area, which include street maintenance, snow removal, fire/medical assistance services, police protection, etc. In order to ensure that the growth within this area pays property taxes, Section IX of the Agreement was included. Per that Section, all improvements on the land in Phase III will be subject to real estate taxes, even if they obtain a tax exempt or abatement status. Mr. Schainker emphasized that should the land and improvements become tax exempt, the Research Park Corporation will be required to pay the City an amount equivalent to the tax receipts the City and other taxing jurisdictions would have received had the property not become tax exempt or abated.

According to Mr. Schainker, Research Park officials feel very strongly that at least a portion of the first building constructed, the Hub building, should be tax exempt. That building will house many of the economic development support University offices that are currently scattered throughout the ISU campus. In breaking with previous requirements, the

Agreement will allow the Research Park Corporation to apply for tax exempt status for the Hub building. For the portion of the Hub building that becomes tax exempt, the University would be required to make payments in lieu of tax until the time that the City's TIF debt incurred to pay for the public improvement costs is totally retired.

7. Minimum Assessment. Two techniques have been utilized in previous agreements to minimize the City's risk associated with this type of TIF-funded venture: establish minimum assessments and require that the developer build speculative buildings to ensure that there is some level of taxable value to pay a portion of the annual debt payment. In this case, the annual debt service is estimated to be approximately \$300,000. Section X of the proposed agreement provides for a minimum assessment for all buildings that are constructed within the TIF District, except for the Hub building. For the other buildings, the minimum assessment agreed to is \$500,000 per acre.

City Manager Schainker advised that, even if the Hub building gains some level of tax exempt or tax abatement status, the Agreement provides for the Research Park to make property tax payments to the City based on a minimum value of \$11 million. That obligation will continue until the City's debt for the outstanding public infrastructure is totally retired. In return for the minimum assessment commitments, the Agreement specifies that (1) for every additional dollar of non-abated taxable valuation added in the TIF district for all lots except the Hub building, the minimum assessment on the Hub building will be reduced by \$.50; and (2) the minimum assessment and payment requirement for the Hub building will not take effect until January 1, 2016, for taxes payable beginning September 2017.

8. TIF District. Mr. Schainker said that it was staff's recommendation that the City Council enter into deals that result in a ten-year payback for TIF-funded projects. Since there are only four developable lots in Phase III to generate TIF proceeds, staff will be recommending that the TIF District be extended to include the majority of the undeveloped lots in Phase II of the Research Park. Staff is hopeful that the addition of those lots will ensure an earlier payback of the TIF debt. City Manager Schainker noted that the Phase II Agreement includes no prohibition for tax exemption for the lots in that Phase. The incremental taxes generated from Phase II lots will be delayed due to the availability of five-year industrial tax abatements.
9. Rural Water Buyout. Assistant City Manager Bob Kindred advised that Section XII(E) of the Agreement requires the Research Park Corporation to pay the Xenia Rural Water District for any buyout of service territory. Even though City staff strongly believes that the right to serve the northern portion of Phase III was never transferred to Xenia, the Research Park has felt compelled to negotiate a buyout agreement with Xenia whereby Xenia will be paid \$687,234 to release its claims to the Phase III and Phase IV land. Because of the urgency of completing the Hub building by June 2016, as required by the State appropriation, the Research Park does not want to become involved in protracted City/Xenia negotiations or legal actions to verify the City's right to serve the northern half of Phase III. As is the case with most of its other development costs, the Research Park Corporation will cover this expenditure out of proceeds from the sale of lots in this phase.
10. Zoning Ordinance Text Amendments. According to City Manager Schainker, in order to accomplish the proposed Phase III expansion as envisioned by Research Park officials, the

City Council must be willing to make two significant changes to the City's Zoning Ordinance:

- A. The existing Research Park is currently zoned Planned Industrial (PI). The new vision is to locate a limited array of retail and commercial land uses within the Park to provide services to Park tenants in proximity to their offices and laboratories. This would include such uses as restaurants, attorneys' offices, laundries and child care facilities, among others. This vision will necessitate the creation of a new zoning category that will be unique to Research Parks. The City's LUPP does not identify a precise commercial node for this location, but adding commercial may fit the parameters of having additional services available to neighborhoods and districts. It is likely that the new zoning would apply to both the existing Research Park and to the new expansion area and would require a Master Plan for implementation. A draft zoning ordinance will be presented to the Council this winter. Therefore, the Hub building will originally be started under PI zoning and end up being completed under the new zoning district.
- B. In order to reap the efficiencies of combining Loop Road with parking for the Hub building, the Hub building has been designed without off-street parking. Instead, it is envisioned that all parking needs for this centralized facility will be accommodated with expanded public parking around the Hub loop. This will be similar to the parking arrangement found in many county seat communities where the centralized County Courthouse is surrounded by on-street parking. A special provision will need to be added in the Zoning Ordinance to relieve the Hub building from any on-site parking requirements and to consider the adjacent on-street parking supply on the Plaza Loop. Per Section XII(F) of the Agreement, it is contemplated that the Research Park will assume responsibility for maintaining Loop Road and for administering its associated parking spaces. The parties have agreed that, should the IDOT not provide RISE grant funding for this on-street parking, the City will pay one-third and the Research Park will pay two-thirds of the cost of constructing this parking area.

Mr. Schainker noted that, during the staff's discussions with the Research Park officials, an inquiry was made regarding the possibility of including mixed-use housing in Phase III. It was noted that, after checking with the City's bond attorney, it was determined that the *Iowa Code* places more restrictions when TIF-financed projects include a housing component. Two critical requirements are that the TIF must be completely paid off within ten years and that a certain percentage of the TIF proceeds must be directed to affordable housing and not used to pay off the infrastructure debt. Since there is not a specific housing proposal to analyze at this time, it was agreed that the Urban Renewal Plan/TIF project for Phase III will only allow for industrial/commercial/retail uses. According to Mr. Schainker, staff has indicated its willingness to consider a housing component once a specific proposal is offered that can be analyzed for compliance to the *Iowa Code*.

11. Off-Site Transportation Improvements. A traffic study was conducted to identify off-site traffic system improvements that might be needed due to the growth of Phase III. It appears from that study that only one off-site location will need improvements due to Phase III growth, i.e., the intersection of U.S. Highway 30 and University Boulevard, where motorists have challenges on the westbound off-ramp when attempting to turn south. The addition of a traffic signal at that intersection will be needed by the time Phase III is built out, at an estimated cost of \$250,000.

Mr. Schainker noted that the traffic study indicated that the current situation already justifies this traffic improvement because of traffic from Phases I and II of the Research Park and other City traffic. Because of that, Phase III will make a challenging situation even worse. It was reported by City Manager Schainker that, realizing that both the City and the University have some responsibility for that traffic improvement, Warren Madden, Senior Vice President for Business and Finance, has indicated that the University is committed to share equally in the cost of this traffic signal. The City's share of this project would be programmed into the next Capital Improvements Plan from Road Use Tax funds. Any other needed future traffic improvements will be studied prior to the Council's approval of subsequent phases of the Research Park.

Council Member Goodman inquired if it were possible to leverage the roll-back for residential being part of the building, i.e., if residential was put on the top floor of a three-story building. City Manager Schainker believes that the entire building would receive the residential roll-back, which would hurt the City tax-wise. Mr. Goodman expressed his desire to take the residential piece out as a separate parcel, so that the City could get the amount of revenue that it is anticipated from its very large investment. To him, that is an essential piece of the final agreement. City Manager Schainker pointed out that if housing is included, it would have to pay back in ten years. If it does not, it would mean that a "balloon payment would need to be made." Council Member Goodman reiterated that he did not want to see a perpetual roll-back on the valuations.

Assistant City Manager Bob Kindred stated that, after the Development Agreement and the RISE Agreement are signed, the City Council must take a number of additional actions in order to facilitate Phase III. The next steps are time-sensitive since construction on the Hub building must begin early next spring in order for it to be completed and occupied by June 2016. City Manager Schainker advised that, with annexation already completed, the following subsequent steps must also take place:

- Establish Urban Renewal Area (URA)
- Establish Tax Increment Financing District
- Hire engineering firm to design streets, water and sewer infrastructure
- Award contract for construction of infrastructure
- Rezone one existing parcel to Planned Industrial to facilitate Hub building
- Approve minor site development plan (administrative action)
- Issue building permit for Hub building (administrative action)
- Develop zoning text amendment to create new Research Park zone
- Rezone entire Research Park to new zoning designation

Urban Renewal Area (URA). City Manager Schainker noted that staff was also bringing the URA to City Council for action at this meeting. It includes a draft Urban Renewal Plan detailing the intended uses for the area and the types of projects anticipated in support of economic development. It is anticipated that the URA process and creation of the TIF District can be completed by November 10. Creating a TIF District requires adoption of an ordinance, and that action on November 10 will require Council approval of all three ordinance readings in order to authorize expenditures for the engineering design contract that same evening. Engineering design must begin in November in order for infrastructure bids to be taken in January or February. Installation of the water main will hopefully begin in March, since construction on the

Hub building requires a public water supply. Prior to approval of the building permit, the Hub lot must also be rezoned to Planned Industrial and the site plan must be approved.

Council Member Betcher asked if the buy-out of Xenia affect the City's efforts to maintain that it actually has the rights to the properties. Mr. Kindred stated that it did not, but might make it somewhat of a moot point at least for the 80-acre block on the north. He noted that the City is working diligently with Xenia to get this resolved. However, the Research Park had reached a separate agreement to pay Xenia as if it were its territory, it is a moot question.

Assistant City Manager Kindred pointed out that there was a revised Page 2 from Exhibit F of the Development Agreement, which had been placed around the dais. At the request of the Research Park attorney, a few modifications had been made to basically just clarify what the intent was.

Moved by Nelson, seconded by Orazem, to adopt RESOLUTION NO. 14-517 approving the Development Agreement with ISU Research Park Corporation.
Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

Moved by Orazem, seconded by Corrieri, to adopt RESOLUTION NO. 14-518 approving the RISE Grant Agreement with the Iowa Department of Transportation.
Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

Planning and Housing Director Kelly Diekmann advised that the Urban Renewal Area (URA) will be broader than what was initially thought; it is anticipating a Phase IV.

Moved by Goodman, seconded by Nelson, to adopt RESOLUTION OF NECESSITY NO. 14-519 establishing an Urban Renewal Area and setting date of public hearing for November 10, 2014.
Roll Call Vote: 6-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

EMERALD ASH BORER (EAB) RESPONSE PLAN AND URBAN FOREST DIVERSIFICATION & RE-FORESTATION PROGRAM:

Assistant City Manager Kindred emphasized that staff was asking the City Council to approve a plan for dealing with City trees on public property and to provide general direction for dealing with private trees. Staff needs to immediately pursue implementation of the Plan for City trees and needs direction to finalize a plan for private trees in utility easements and on private property.

Fleet Services Manager Corey Mellies provided the goal statement created for the EAB Response Plan and for an Urban Forest Diversification and Reforestation Program: To extend the environmental, social, and economic benefits of the City's ash trees and to increase the diversity of the urban forest, while being fiscally responsible to the citizens of Ames. He detailed the proposed response for City trees on public property. It would be a phased treatment and removal process. That strategy would involve removing certain ash trees within the first five years based on public safety, tree defects, size, and benefit/costs. The remaining ash trees would be treated every three years. The City would set a goal for removals every year to assist in spreading out costs over a longer time period while also allowing for the City to extend the

environmental, social, and economic benefits of the City's ash trees as stated in the goal. This would also allow staff to re-evaluate the Plan regularly to make sure the overall goal is being met. It would include a phased approach on streets lined with ash to spread out the impact of removals. The goal of the phased removal process would not be to save the ash trees that are still healthy at this time. Rather, it would be to meet the specified goal of extending the social and environmental benefits while beginning a diversified reforestation effort while being fiscally responsible.

According to Mr. Mellies, a vital part of the Plan would be extensive public outreach on the approved Plan and its impact on Ames citizens and businesses. This will be done in a variety of ways to reach property owners and citizens. There will be a multi-step integrated public awareness campaign that focuses on public education of both the problem and the opportunity and that invites public input throughout the implementation phase, which would include attending neighborhood meetings, one-on-one discussions, civil outreach, posting trees, door hangers, email, Web sites, and social media. Staff will also initiate educational efforts for the owners of private ash trees, which will include how to identify ash trees, private removal and treatment options, and suggestions on how to hire reputable tree contractors.

Concerning removals of public trees, Mr. Mellies stated it would involve prioritizing trees for removal based on several factors. The first priority would be any hazardous ash trees. Based on the inventory, those trees were identified as any ash tree showing a defect. The defects could be that the tree was in poor condition or external factors including sidewalk damage and power line presence. The trees that are most subject to infestation or are not candidates for treatment would have to be removed within three to five years for public safety. The second priority would be any ash trees that are not considered good candidates for treatment.

Staff is recommending removal of all smaller ash trees that are at a six-inch Diameter at Breast Height (DBH) measurement or less. That is due to the higher life cycle cost for treating these smaller trees in relation to the limited canopy benefits compared to larger trees. The proposed 20-year approach recommends removing all three six-inch DBH and less in four years. Removal of the smaller trees would be staggered to avoid removing all of the trees at one time on streets that are predominantly lined with ash trees. The Plan assumes that all trees 18-inch DBH and less can be removed by City staff and private contractors will be needed to remove all trees larger than 18-inch DBH. To accomplish the phased removal plan, it is recommended that City Council modify Chapter 27 of the *Municipal Code* to allow for pre-emptive removals of public trees that have been identified for removal to handle infestations and diseases that could cause trees to become hazardous to the public. That modification would remove the current public posting and appeal provisions for trees that are being removed as part of a tree management plan. However, the posting and appealing provisions would remain for healthy trees not identified as part of a management plan.

Treatment. Director Mellies advised that the proposed Response Plan includes chemical treatment of many mature ash trees to extend their lives until an orderly replacement can occur. For treatment, staff is recommending that only trunk injection be allowed for public trees. That is due to the stormwater and groundwater benefits of injection versus soil drenching options. Treatment is not being proposed for trees six-inch or less since trunk injection is more difficult for those trees and other treatment options would not meet the stormwater benefits of trunk injection. The proposed Plan assumes that treatment will be carried out by contracted forces. Contracts for treatment would need to be overseen by a licensed arborist. The City has the

services of the Urban Forester through the IDNR pilot project. Mr. Mellies introduced Urban Forester Shane Donegan. He has offered his services to examine the condition of the City's ash trees. At some time in the future, City staff could also become trained to perform treatment for the trees, and if done, the costs could be 50% lower than that of the contracted treatment.

Urban Forest Diversification and Reforestation. Director Mellies stated that the challenges posed to the community by the EAB also presents Ames with an unexpected opportunity to bring much greater diversity to the public trees in the City. The results of the current public tree inventory were given, which showed that Ames is heavily populated with maple and ash trees. Assistant City Manager Kindred noted that it is important to plan a diverse mix of species to maintain canopy health since most insects and diseases target a specific genus or species of trees. The recommendations advise that one genus make up no more than 20% of the tree population and that a single species not make up more than 10% of the total urban forest. Staff then recommended that the City Council initiate a parallel new initiative to replace all removed public ash trees with a much greater diversity or genus that does not include maples.

The new initiative would include a 20-year program to replant trees on a one-to-one basis for all ash trees removed under the EAB Response Plan. As part of the removals and replanting, tree stumps would be ground away, and both contractors and City staff would make sure that the areas are restored to a safe condition and that suitable turf be reestablished.

20-Year Plan. Director Mellies showed a table depicting the EAB removal plan and its estimated impacts. He reported that 2,355 trees in the City's rights-of-way and parks and facilities would be removed over the next 20 years. Another table showing the reforestation efforts and respective costs for City staff and contracted services was explained by Mr. Mellies.

Cost Assumptions. The assumptions used to arrive at the estimated costs of the 20-year plan were provided by Director Mellies. He noted that the costs did not consider any impacts of wood waste. Options still need to be explored pertaining to mulching, firewood, taking larger trees to sawmills, using planks for picnic tables and other projects, and/or auction of larger logs. City staff had also been approached by a local civic organization to consider a partnership to institute a tree diversity program that would build off of the positive response to the Ames 150 Legacy Tree Planting. It was also reported by Mr. Mellies that some communities had instituted an "Adopt-a-Tree" Program to allow homeowners to pay for the treatment of public trees adjacent to their properties. If City Council would like to add that component, staff would recommend that the trees be treated by the City and that property owners pay for the City's contracted cost of treatment along with an administrative fee for the tracking of that particular tree.

Budget Impacts. According to Director Mellies, the largest impact to the City's budget would be in the first five years. He noted that funding for Public Works tree management comes from Road Use Tax funds. Parks and Recreation tree management is funded through the General Fund. For the proposed Plan, it was recommended that the added costs for the first five years be funded through a combination of Road Use Tax, General, and/or Local Option Sales Tax funds. Road Use Tax may only be used for trees in the rights-of-way.

City Manager Schainker stated that to meet the removal plan over the next five years, a team of employees will work together to complete the required removals. In addition, implementation of the Plan will involve a redistribution of staff time, so future program budgets might reflect

increases or decreases in personnel. There will also be a need for temporary employees and new and/or upgraded equipment. There is a need to upgrade the current chipper and to purchase an additional chipper at a total anticipated cost of \$60,000.

Current Budget Year Impacts. It was noted that to begin work on the Plan in the current fiscal year as recommended, \$60,000 in funding for the chippers needs to be identified. Staff recommended that the \$60,000 come equally from the General Fund and Road Use Tax Fund balances. Another \$232,000 will also be needed in this fiscal year for removals, treatment, and stump grinding; that funding will be identified during the Council's budget approval process in February 2015.

Moved by Goodman, seconded by Orazem, to adopt RESOLUTION NO. 14-520 approving the EAB Response Plan and Urban Forest Diversification & Reforestation Program for treatment, phased removal, and replacement of public ash trees over a 20-year period.

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

Moved by Goodman, seconded by Corrieri, to direct staff to explore a requirement for diversification of private and public street trees in new subdivisions.

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

Moved by Goodman, seconded by Corrieri, to direct staff to draft an amendment to Chapter 27 of the *Municipal Code* for correction or removal of privately owned hazardous trees.

Council Member Goodman suggested that staff check with other communities to see how they are doing this.

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

Council Member Goodman also recommended that staff not rule out pursuing an "Adopt a Tree" Program. Council Member Corrieri conveyed her idea that a small rebate be available to property owners who wish to treat ash trees on public property. Council Member Goodman felt it should be a possibility to provide assistance for removal, treatment, and or replacement of private trees. Council Member Orazem believes that information should be provided to citizens on whom to call for assistance, but not have the City provide the assistance directly. It was noted that a referral to staff had been made previously pertaining to requiring the licensing of three surgeons for work on public and private trees.

Council Member Gartin expressed his concerns about the State's trees. Mr. Mellies responded that Iowa State has a plan in place and there is a plan in place for Federal trees; however, the Railroad has not responded to him to indicate whether it has a plan or not. The Ames School District has not responded either, but City staff will be contacting them again. Council Member Gartin said he would like City staff to reach out to the Railroad again to glean information as to whether it has a plan.

Moved by Gartin, seconded by Corrieri, to direct staff to increase public education outreach on EAB.

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

Moved by Gartin, seconded by Corrieri, to adopt RESOLUTION NO. 14-521 authorizing funding for a Chipper Upgrade and the purchase of an additional Chipper.

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

Richard Deyo, 505-8th Street, Ames, gave his recommendation on how to save ash trees.

CONSENT AGENDA: Moved by Gartin, seconded by Corrieri, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
2. Motion approving minutes of Regular Meeting of September 23, 2014, and Special Meetings of September 29, 2014; October 1, 2014; and October 8, 2014
3. Motion approving certification of civil service applicants
4. Motion approving Report of Contract Change Orders for September 16-30, 2014
5. Motion approving renewal of the following beer permits, wine permits, and liquor licenses:
 - a. Class C Beer & B Wine – Aldi, Inc. #48, 1301 Buckeye Avenue
 - b. Class E Liquor, C Beer, & B Wine – Target Store T-1170, 320 South Duff Avenue
 - c. Special Class C Liquor – Creative Spirits Ames, 4820 Mortensen Road, Ste. 101
6. Motion approving 5-day (October 23-28) Class C Liquor License for Olde Main Brewing Company at the ISU Alumni Center, 420 Beach Avenue
7. Motion approving transfer of Class C Liquor License for Wallaby’s Grille from 3720 West Lincoln Way to 2733 Stange Road
8. Motion approving Fireworks at 9:30 p.m. on October 23, 2014, for Iowa Hazardous Materials Symposium: Emergency Response Training on ISU Campus at Recreational Athletic Field (Lot G7)
9. RESOLUTION NO. 14-522 approving one additional Library Full-Time Equivalent (FTE) position
10. RESOLUTION NO. 14-523 authorizing Mayor to sign Certificate of Consistency with City’s 2014-2018 Community Development Block Grant Consolidated Plan on behalf of Youth and Shelter Services
11. RESOLUTION NO. 14-524 approving Investment Report for quarter ending September 30, 2014
12. RESOLUTION NO. 14-525 approving 28E Agreement with Iowa Alcoholic Beverages Division for Tobacco, Alternative Nicotine, and Vapor Product Enforcement
13. RESOLUTION NO. 14-526 approving Central Iowa Waste Management Association 2014 Comprehensive Solid Waste Management Plan Update
14. RESOLUTION NO. 14-527 approving preliminary plans and specifications for 2013/14 CyRide Route Pavement Improvements Program #2 (Garden Road, Garnet Drive, Viola Mae Avenue); setting November 5, 2014, as bid due date and November 10, 2014, as date of public hearing
15. RESOLUTION NO. 14-528 approving preliminary plans and specifications for 2014/15 Arterial Street Pavement Improvements (Lincoln Way); setting November 5, 2014, as bid due date and November 10, 2014, as date of public hearing
16. 2012/13 Storm Sewer Outlet Erosion Control:
 - a. RESOLUTION NO. 14-529 reallocating \$28,344 from 2009/10 Low-Point Drainage Improvement Program
 - b. Motion accepting quotation from Central Landscape of Ames, Iowa
 - c. RESOLUTION NO. 14-530 approving Purchase Order to Central Landscape of Ames, Iowa, in the amount of \$76,189.33
17. RESOLUTION NO. 14-531 approving contract and bond for GT2 Control Room and Shop Preaction Sprinkler System and Fire Alarm Upgrade
18. RESOLUTION NO. 14-532 approving contract and bond for Information Technology Fiber Optic Deployment
19. RESOLUTION NO. 14-533 approving Change Order No. 3 for 2012/13 Arterial Street Pavement Improvements (State Avenue)
20. RESOLUTION NO. 14-534 approving renewal of Winter & Summer Street Tree Trimming contract for Public Works with LawnPro, LLC, of Colo, Iowa, in an amount not to exceed \$75,000
21. RESOLUTION NO. 14-535 releasing security for Lincoln Way/Dotson improvements in connection with South Fork Subdivision, 3rd Addition
22. 2012/13 Flood Response and Mitigation Project (Northridge Parkway) and 2009/10 Storm Water Facility Rehabilitation (Moore Memorial Park):
 - a. RESOLUTION NO. 14-536 approving Change Order No. 1
 - b. RESOLUTION NO. 14-537 accepting completion
23. Woodview Drive Water and Sewer Project:

- a. RESOLUTION NO. 14-538 accepting as complete and satisfactory the contract for Woodview Drive Water and Sewer Project, ordering final payment, determining amount to be assessed, and ordering final plat and schedule
 - b. RESOLUTION NO. 14-539 adopting final assessment and levying assessments
24. Roll Call Vote: 6-0. Resolutions/Motions declared adopted/carried unanimously, signed by the Mayor, and hereby made a portion of these Minutes.

PUBLIC FORUM: Steven Schroder, 1524 Roosevelt Avenue, Ames, noted the free yard waste days that had been set. He would like to see a permanent site where citizens could take their yard waste year-round at no charge. Mr. Schroeder noted that there is only one date where brush may be included at no charge. He pointed out that, with only one date, there are often very long lines to dispose of brush; it can consume an entire day depending on how much brush a person has. Mayor Campbell suggested Mr. Schroeder express his concerns to the Public Works Department.

Richard Deyo, 505-8th Street, #2; Ames, shared what he would like to name the Purple Dragon. He saw at the Octagon Arts Festival that there was or had been a contest asking people what the artwork should be entitled.

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

REQUEST TO PURCHASE RIGHT-OF-WAY ON OLD AIRPORT ROAD: Public Works Director John Joiner explained that the property owner of 2400 University Boulevard, Steve Burgason, had extended an offer to purchase a portion of the right-of-way on old Airport Road east of University Avenue. Mr. Burgason is interested in the right-of-way in order to make improvements that would enhance the area around his business (Gateway Expresse) and to secure additional long-term parking for that business. Mr. Burgason had offered \$7,000 for the right-of-way. The right-of-way is a dead-end street that does not connect to North Loop Drive, but does provide access to the Gateway Expresse.

Mr. Joiner stated that the total value of the old Airport Road right-of-way is estimated to be \$52,389. He noted that an ISU Research Park tenant, Biova, has an approved Site Plan that provides for an additional access to its facility from the right-of-way. The new Biova is currently under construction. According to Mr. Joiner, Mr. Burgason expressed interest in providing and maintaining the necessary access for the Biova entrance.

According to Director Joiner, according to the City Council's established policy for disposing of excess right-of-way, the adjacent property owner, ISU Research Park, was approached to determine its interest in purchasing half of the right-of-way. At that time, the Research Park indicated that it had no interest in purchasing its respective half.

Director Joiner reported that the City has no compelling reason to retain the right-of-way in question; however, there are numerous utility lines in existence at that location, so there would need to be easements granted to the City.

Mike Slotter, 2710 Thompson Drive, Ames, said he was present as the representative for Steve Burgason, who was unable to attend.

Upon being asked by Mayor Campbell, Andrew Burgason, 2011 Kildee Street, Ames, replied that the \$7,000 amount was arrived at based on a value-added to the Burgason's current business. Mr. Burgason said that the property has not changed in 20 years and is an eyesore. It is located at the entryway to the Burgason's business, and they would like it to be more aesthetically pleasing. He also noted that the land in question is not buildable.

Nathan Easter, representing the Research Park, said that they now may have a tenant who might be interested in the land. He asked to be included in the City's normal process for requests of this type.

Council Member Gartin asked for more information as to where the \$52,389 figure came from. Director Joiner replied that it was determined per the City Council's policy of taking the average value of the adjacent properties, deducting ten (10) percent for a Quit Claim Deed, and deducting an additional 15 percent for easements to be established on the property for access to existing utilities. He noted that the cost of the easements and costs associated with any required survey should be borne by the purchasing property owner. City Manager Schainker noted that the Council has waived that its policy in the past.

Mr. Gartin expressed his desire for the City Assessor to appraise the right-of-way to determine its value.

Council Member Goodman offered that he did not believe the fact that nothing can be built on the subject right-of-way had any bearing on its value.

Council Member Orazem pointed out that it appeared to him that Mr. Burgason is interested in the south part of the parcel and the Research Park is interested in the north parcel. He felt that would be workable.

Moved by Goodman, seconded by Gartin, to direct staff to get the assessed value of the right-of-way in question from the City Assessor and determine if the Research Park is truly interested in the subject land. Vote on Motion: 6-0. Motion declared carried unanimously.

The meeting recessed at 9:03 p.m. and reconvened at 9:13 p.m.

PARKING STANDARDS FOR FRATERNITIES AND SORORITIES: City Planner Karen Marren reminded the Council that it had directed staff on April 22, 2014, to initiate public outreach regarding reducing parking standards for fraternities and sororities and to provide a staff report on options for parking changes. This was in response to concerns from the Greek community on potential issues with expansion and reconstruction of Greek houses. It had been stated that many fraternities and sororities face issues of older residences built during a time when students commonly did not have automobiles and some of the properties are not large enough to accommodate the automobile usage of modern students.

According to Ms. Marren, there are 40 Greek chapters represented in the area south of Campus, with six chapters located in the West Impact Area and 34 located in the East Impact Area. There are approximately 3,100 members affiliated within the Greek system with approximately 2,000 of those members living within one of the 40 Greek houses in the Campustown area. Current house capacities for the chapters range from 29 beds to 89 beds per house.

It was pointed out by Planner Marren that the vast majority of Greek houses are concentrated in the East University Impact District Overlay (EUI) between Beach Avenue and Lynn Avenue. The EUI is intended to preserve the current residential character of the area with its mix of houses, landscape, and high concentration of Greek houses. There are a few Greek houses located in the area of Welch that are within the West University Impact District Overlay.

Ms. Marren noted that, under the current parking standards, Greek houses are required to meet a basic requirement of one parking space per bed. Greek houses within the EUI are subject to Council approval for any proposed demolition and rebuild based upon stated criteria related to reasonable use of the property and a hardship if a structure is required to remain. All new construction must comply with current zoning standards for setbacks, landscaping, parking, etc. Demolition and construction of new houses have a much different relationship to parking standards than houses that only wish to expand an existing house.

Director Kelly Diekmann advised that the representatives of the Greek chapters and the Greek Alumni Alliance are in support of a general reduction in the parking requirements to a 3-bed-to-1-parking space ratio so that the homes could be in compliance with standards, but also noted the potential acceptance with a remote parking option.

Planner Marren reported that staff had held an open meeting on October 2 with the Greek Alumni Alliance, the Greek Chapters, ISU, and the surrounding neighborhood residents to discuss the current parking standards for Greek houses as well as any concerns about possible revisions. Ms. Marren provided a summary of the discussion.

Jeremy Davis, 711 Beach Avenue, Ames, said that he was speaking on behalf of the Greek Alumni Alliance. He stated that the Alliance does support the lowering of the parking ratio for Greek housing. It is necessary in order to meet the students' needs through renovations and expansions. He pointed out that the City's LUPP supports retaining Greek houses in the South Campus Area.

Roger Underwood, North Dayton Road, Ames, has been an advisory of fraternities for quite some time. He asked the Council to vote for Option 1, which is to lower the parking ratio for Greek houses. Students have bicycles and CyRide passes; most do not have cars.

Martha Atkins, 419 Pearson Avenue, Ames, told the Council that residents in adjacent neighborhoods were asking the Council for three things: (1) They do not want the any of the parking regulations in the area changes, as they are working well. (2) They believe that remote parking seems to be a good option. (3) The residents do not want front-yard parking.

Council Member Betcher said that she believes the Greek houses are historic structures, and she does not want to incentivize demolition of any of the structures. In the opinion of Ms. Betcher, the parking regulations should be left as is, but she would like to encourage remote parking.

Ex officio Member Villa advised that the students whom she had spoken with supported lowering the parking ratio for Greek housing.

Council Member Goodman pointed out that the change in ratio would result in changes on the sites, which could result in a change in an historic resource. He is concerned that expansion has the possibility of being deleterious to an historic resource.

Moved by Goodman, seconded by Nelson, to approve Option 1 (to lower the parking ratio for Greek housing). Vote on Motion: 4-2. Voting aye: Corrieri, Gartin, Goodman, Nelson. Voting nay: Betcher, Orazem. Motion declared carried.

SITE PLAN AMENDMENT TO DEERY BROTHERS DEVELOPMENT AGREEMENT: City Planner

Charlie Kuester provided background. The City entered into a Development Agreement with a legal entity known as Deery, Deery, and Deery, which included provisions in addition to the requirements of the Urban Revitalization Plan. It included a requirement that all of the improvements of the Development Agreement were to be completed within two years of approval of the Agreement, which would be October 23, 2014. Those improvements included the buildings, grading, landscaping, parking, borrow pit, and channel straightening. The Deery Brothers automotive dealership has been built and is open. The required Skunk River channel straightening work is underway at this time. The applicant believes that they will complete the required improvements, including the seeding, by the October 23, 2014, deadline. During a meeting with City staff, representatives of Deery indicated that the borrow pit on the west outlet was not excavated as initially approved. It is about eight to ten feet shallower than originally presented to the City Council. While the borrow pit still meets the site's stormwater management requirements, it does not have the original estimated water storage capacity. According to Mr. Kuester, the applicant had explained that the projected amount of borrow from the pit to fill other parts of the site was overestimated and not necessary to be fully excavated.

Scott Renaud, FOX Engineering, Ames, provided information on the mechanics of the pond. The pond does not have an outlet to the river and does not have an impact on the no-rise. The no-rise is only achieved by straightening the channel.

Brian Torresi, Davis Brown Law Firm, Ames, noted that the Agreement was written to ensure that the Deery Brothers development met the six criteria and to ensure that the City had a clawback clause. Mr. Torresi advised that, as of October 23, 2014, all six qualifying criteria will have been met. He noted that the developer was asking for replacement of the original site plans with the as-built site plans.

Joe Rippetoe, 419 Pearson Avenue, Ames, advised that he was present at the August 8, 2008, ZBA meeting. He reviewed significant errors or omissions that he felt had been made at that meeting. Mr. Rippetoe noted that *Municipal Code* Section 9.4 Floodway Overlay District does not allow for excavation; it only allows for extraction. The ZBA was told that it needed to approve it “because the Council wants it.” Mr. Rippetoe took issue that former Director of Planning and Housing Steve Osguthorpe was not able to tell the ZBA members how much money was at stake if the tax abatement were granted.

Fred Rose, developer and builder of the Deery project, responded to Mr. Rippetoe’s allegations. He noted that the Corps of Engineers Permit took over a year and one-half, the DNR Permits were not rubber-stamped. According to Mr. Rose, there was no intent on the part of the Deery

Moved by Orazem, seconded by Betcher, to adopt RESOLUTION NO. 14-540 amending the Development Agreement by substituting a new Exhibit C and adding a list of changes as Exhibit D, with the requirement that the compliance to the No-Rise expectation will be made by the City Council in February 2015 prior to granting tax abatement.

Roll Call Vote: 5-1. Voting aye: Betcher, Corrieri, Gartin, Nelson, Orazem. Voting nay: Goodman. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

LAND USE POLICY PLAN AMENDMENT OF FUTURE LAND USE MAP FOR 516 SOUTH 17TH

STREET: Planning and Housing Director Diekmann recalled that the Council, on April 8, 2014, had granted the request of CPM Properties and Roars Investments to apply for a Minor Land Use Policy Plan Amendment to change the land use designation of property located at 516 S. 17th Street. The developer is interested in changing approximately 12 acres of land from Highway-Oriented Commercial to High-Density Residential to develop approximately 300 apartments. Mr. Diekmann provided an analysis performed by staff of the request. According to Director Diekmann, the Planning and Zoning Commission, at its meeting on September 3, 2014, had voted 4-1-1 to recommend to the City Council to approve an amendment to the LUPP Future Land Use Map with the expectation that site development issues will be addressed prior to approval of a rezoning request.

Council Member Gartin stated that his biggest concern is that the volume of traffic in this area seems to grow and grow. He wants to ensure that, as changes are made to the area in question, the City takes into account how they are going to move the traffic. Mr. Gartin indicated that he also wanted to make sure that the City and the University are having discussions about that issue.

Jeff Koch, developer, advised that traffic study has been initiated. They are also taking a look at the potential impacts to CyRide.

In Council Member Orazem’s opinion, the location in question is a very logical use for the subject parcel.

Moved by Orazem, seconded by Gartin, to adopt RESOLUTION NO. 14-541 approving an amendment to the LUPP Future Land Use Map to change the land use designation of the property located at 516 S. 17th Street from Highway-Oriented Commercial to High-Density Residential.

Roll Call Vote: 4-2. Voting aye: Corrieri, Gartin, Nelson, Orazem. Voting nay: Betcher, Goodman. Resolution declared carried, signed by the Mayor, and hereby made a portion of these Minutes.

HEARING ON NEW AMES WATER TREATMENT PLANT - CONTRACT 2: John Dunn, Director

of Water and Pollution Control, reported that bids were opened on September 24, 2014. Four bids were received. Staff is recommending awarding the contract to Knutson Construction Services from

Minneapolis in the amount of its base bid of \$52,497,000. According to Mr. Dunn, the base bid included construction of the treatment facility. Bid Alternate A proposed to use painted carbon steel instead of the specified stainless steel for the Solids Contact Units. Bid Alternate B was to provide an alternate carbon dioxide feed system.

Director Dunn advised that, during the design process, staff performed a life-cycle cost analysis for constructing the Solids SCUs out of painted carbon steel versus unpainted stainless steel. The capital cost of the stainless steel option was believed to be approximately \$1,000,000 higher, but over the next 50 years would result in a savings of \$1,700,000 (or a net savings of \$700,000) from not needing to repaint the Units every 15-20 years. Staff chose to include the higher cost stainless steel option in the base bid, but wanted to obtain firm pricing on the carbon steel option to ensure that the anticipated life cycle savings would be realized. Mr. Dunn reported that the actual bid deductions offered by all four bidders were substantially less than anticipated, which meant the life cycle cost savings from using stainless steel SCUs was even greater than what staff had projected. Given that information, staff was recommending that Bid Alternate A be rejected. Concerning Alternate B, Mr. Dunn stated that, since the system included in the base bid was the system preferred by staff and since it would cost more to select the alternate system, staff was recommending that Bid Alternate B also be rejected.

The Council was informed by Mr. Dunn that Knutson Construction's bid came in \$3,067,000 below the Engineer's Estimate; that will result in annual savings of approximately \$180,000/year in debt service. In addition, the project also has been awarded a loan forgiveness of approximately \$6,224,000 for constructing the facility to a LEED-certified standard.

Mayor Campbell opened the public hearing. No one asked to speak, and the hearing was closed.

Moved by Orazem, seconded by Betcher, to adopt RESOLUTION NO. 14-542 approving final plans and specifications and awarding a contract to Knutson Construction of Minneapolis, Minnesota, in the amount of \$52,497,000.

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

HEARING ON FURNISHING OF 69kV SF6 CIRCUIT BREAKERS FOR ELECTRIC SERVICES:

The public hearing was opened by Mayor Campbell. She closed the hearing after no one came forward to speak.

Moved by Goodman, seconded by Orazem, to adopt RESOLUTION NO. 14-543 approving final plans and specifications and awarding a contract to Alstom Grid, Inc., of Charleroi, Pennsylvania, in the amount of \$166,169.40 (inclusive of Iowa sales tax).

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

HEARING ON NATURAL GAS CONVERSION EQUIPMENT: The Mayor opened the public hearing and closed same after there was no one wishing to speak.

Moved by Goodman, seconded by Corrieri, to accept the report of bids.

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

HEARING ON NON-ASBESTOS INSULATION AND RELATED SERVICES AND SUPPLIES FOR POWER PLANT: Mayor Campbell opened the public hearing. No one came forward to speak, and the hearing was closed.

Moved by Betcher, seconded by Goodman, to accept the report of no bids and direct staff to re-bid project.

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

Moved by Goodman, seconded by Corrieri, to adopt RESOLUTION NO. 14-544 approving preliminary plans and specifications; setting November 12, 2014, as bid due date and November 25, 2014, as date of public hearing.

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

HEARING ON VACATING PUBLIC UTILITY EASEMENT LOCATED AT 2810-2824

WAKEFIELD CIRCLE: The public hearing was opened by the Mayor. There was no one wishing to speak, and the hearing was closed.

Moved by Goodman, seconded by Nelson, to adopt RESOLUTION NO. 14-545 vacating the public utility easement.

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

HEARING ON MAJOR SITE DEVELOPMENT PLAN FOR LOTS 6, 7, AND 8 IN RIGGENBERG PARK SUBDIVISION, 4TH ADDITION: The hearing was opened by the Mayor. She closed same after no one came forward to speak.

Moved by Nelson, seconded by Corrieri, to adopt RESOLUTION NO. 14-546 approving the Major Site Development Plan to allow construction of three, 12-unit apartment buildings.

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

REZONING OF QUARRY ESTATES SUBDIVISION: Moved by Orazem, seconded by Corrieri, to adopt RESOLUTION NO. 14-547 approving the Rezoning Agreement.

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

Moved by Goodman, seconded by Corrieri, to pass on third reading and adopt ORDINANCE NO. 4196 rezoning Quarry Estates Subdivision from Agricultural (A) to Floating Suburban Residential Low-Density (FS-RL) and Floating Suburban Residential Medium-Density (FS-RM).

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

COUNCIL COMMENTS: Moved by Orazem, seconded by Goodman, to refer to staff the letter from Mark Reisinger, on behalf of the Ames Christian School, pertaining to the speed limit on SE 16th Street.

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

Moved by Nelson, seconded by Orazem, to direct staff to initiating the annexation process as requested by Hunziker Development of two properties on George Washington Carver Avenue.

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

Moved by Goodman, seconded by Corrieri, to refer to staff the email from Transportation Engineer Damion Pregitzer concerning the pedestrian needs in the new Edwards School area.

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

Moved by Gartin, seconded by Goodman, to refer to staff the email from George Belitsos dated September 30, 2014, to get input of the Police Department on the concept of an ordinance to eliminate e-cigarette devices from all public places.

Vote on Motion: 5-1. Voting aye: Betcher, Corrieri, Gartin, Goodman, Orazem. Voting nay: Nelson. Motion declared carried.

Moved by Goodman, seconded by Corrieri, to direct staff to respond to Gamma Pi of Delta Tau Delta, Inc., to convey that the City Council is not interesting in pursuing a tax abatement program for new construction.

Vote on Motion: 5-0-1. Voting aye: Betcher, Corrieri, Gartin, Goodman, Orazem. Voting nay: None. Abstaining due to a conflict of interest: Nelson. Motion declared carried.

Moved by Gartin, seconded by Nelson, to refer to staff the letter from Heartland Baptist Church to start the process for a text amendment for steeple height.

Vote on Motion: 4-2. Voting aye: Betcher, Gartin, Nelson, Orazem. Voting nay: Corrieri, Goodman. Motion declared carried.

Moved by Gartin, seconded by Corrieri, to refer to staff to defer the request to change the LUPP for Eastgate (Dayton/E. 13th Street) for discussion at a later date.

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

ADJOURNMENT: Moved by Orazem to adjourn the meeting at 11:20 p.m.

Diane Voss, City Clerk

Ann H. Campbell, Mayor