

MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

APRIL 21, 2015

The Ames City Council met in special session at 7:00 p.m. on the 21st day of April 2015, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor Ann Campbell presiding and the following Council Members present: Gloria Betcher, Amber Corrieri, Tim Gartin, Peter Orazem, Matthew Goodman, and Chris Nelson. *Ex officio* Member Lissandra Villa was absent.

JOINT MEETING OF THE AMES CITY COUNCIL AND GILBERT COMMUNITY SCHOOL DISTRICT BOARD (GCSD): Representing the Gilbert Community School District were Board Members Tyler Holck, Kim Mosiman, and John Nelson; Superintendent Lindsey Beecher, and Johna Clancy, Board Secretary and Business Manager.

Mayor Campbell noted that this workshop was scheduled to give the City of Ames and the GCSD Board the opportunity to discuss and communicate on overlapping issues. She stated that, last January, during their Goal-Setting Session, Council members noted that they meet at least annually with the Ames Community School District Board, but do not routinely meet with the Gilbert Community School District Board. Since a large number of students living in Ames attend school in Gilbert, it was felt that the Council should meet with the Gilbert School Board.

Assistant City Manager Bob Kindred gave an overview of the City Council Goals and Objectives that were established on January 11, 2015, by the Council. He stated that the Council set the goals with the plan that they would be accomplished by December 31, 2015. In summarizing each of the goals, Mr. Kindred indicated if it had relevance to the Gilbert School District.

Superintendent Beecher stated that the GCSD has set a list of academic priorities for the next three to five years: maintain high academic standards for all students, provide a safe and quality learning environment to meet the changing needs of the District, students, and staff; and support leadership growth and development.

Council Member Betcher asked to know the enrollment at the Gilbert Schools. The answer was given that there are approximately 1,400 students. At the inquiry of Council Member Gartin, Mr. Holck estimated that approximately 40% of the students live in Ames. He also stated that Gilbert Schools has seen a 50% increase in enrollment in the past ten years, mainly attributable to Ames' growth to the north.

Mr. Beecher advised that the Gilbert High School is two years old. It has the capability to expand to hold up to 1,600 students. The Middle School is ten years old; there are currently 340 students; however, the building can be expanded to hold 600 students. There are two other buildings for students in Kindergarten through Fifth Grade.

Mayor Campbell said that Gilbert residents had spoken at Council in the past expressing concern about Ames' northern growth and their desire to keep the Gilbert School System small. She then asked if there was any interest in a boundary line adjustment in the future. Mr. Beecher replied that the GCSD takes pride in trying to keep the small community feel to its school. The District wants

to ensure that each student has the opportunity to participate in activities. Kim Mosiman said that Gilbert had learned from other fast-growing School Districts, such as Waukee, to plan further ahead in order not to have to rush to put up buildings to accommodate students.

The Mayor noted that the District's tax base is mainly residential. Mr. Holck replied that Gilbert's tax base is growing. He indicated that the GCSD is prepared for the growth. The Board has made it a high priority to maintain small classes. According to Mr. Holck, based on prospective annexations to Ames to the north, it is anticipated that the District will grow by another 50% in the next ten years. Mr. Holck agreed with Ms. Mosiman that Gilbert has done a good job planning for the growth.

Mr. Beecher noted that the GCSD has had a good relationship with the Ames Community School District. Students from the GCSD come to Ames for swimming and diving and debate since Gilbert does not offer those extracurricular activities.

Mayor Campbell asked if the GCSD would like to be notified when lands are going to be annexed to Ames that are within the Gilbert School boundaries. Mr. Beecher said that communication is always a good thing.

Council Member Orazem said it was important to look at a County-wide transportation system. He specifically pointed out the infrastructure needs, noting the roads that the Gilbert School buses will need to traverse may not be up to the standards necessary to accommodate the weight of buses. Mr. Orazem would like to see the multi-use trails expand to the north. He pointed out that the City of Ames is an employment hub; one of the advantages of working in Ames and living in Gilbert is that you benefit from the higher wages paid in Ames and enjoy the lower cost of living in a smaller communities. Mr. Kindred pointed out that the City of Gilbert has representation on the Ames Area Metropolitan Planning Organization, which plays an important role in the adoption of the City of Ames Long-Range Transportation Plan. He also noted that the Ames portion of 190th Street will be paved this year, and the bike trail will be installed as the development occurs.

Council Member Betcher said that she was impressed by the GCSD's calmness since it has no control over the growth of Ames to the north. Mr. Holck reiterated that the Middle School and High School have the capacity to grow and have planned for same. The District will review the projections every year.

Council Member Betcher asked how much staffing had increased in the past ten years. Ms. Clancy estimated staffing had increased by approximately 35%.

In addition to the increase in property taxes from northern Ames residential properties, Council Member Orazem pointed out that the Local Option Sales Tax is shared County-wide. The growth in retail sales in Ames also benefits Gilbert.

Pointing out that the students might live in Ames, but be students at Gilbert, Council Member Gartin asked how the Gilbert School District handles the need for services from human service agencies.

Ms. Clancy indicated that the District works with Youth and Shelter Services. Mr. Gartin asked if there had been any discussion between the Ames Public Library and the GCSD. Ms. Clancy indicated that Gilbert now has its own library, which is open on a part-time basis. To Mr. Gartin, it seems logical that Gilbert teachers could collaborate with the Ames Public Library on summer programs. Assistant City Manager Kindred noted that there are some students attending the GCSD who are Ames residents; however, there are approximately 60% of the students in the GCSD who live in other cities. Those cities have the responsibility to provide library services to that 60%.

Council Member Betcher asked how much interaction between the GCSD and the Gilbert City Council. Mr. Holck said that they meet when they need to; the communication lines are open. It was noted that there was a lot of discussion between the two entities when the roundabout was being discussed. At the inquiry of Council Member Goodman, Ms. Mosiman stated that there is no pedestrian activity in the roundabout.

Mr. Kindred asked if there had been long-range planning discussions. Mr. Holck indicated that they have capacity to expand; however, he believed that additional long-range planning will occur over the next 12 to 24 months.

Mayor Campbell thanked the Gilbert School District staff and Board members for participating in the joint meeting.

The meeting recessed at 8:01 p.m. and reconvened at 8:06 p.m.

CONTRACT AND BOND FOR 2011/12 AND 2012/13 RETAINING WALL RECONSTRUCTION PROGRAM: Moved by Goodman, seconded by Betcher, to adopt RESOLUTION NO. 15-228 approving the contract and bond for 2011/12 and 2012/13 Retaining Wall Reconstruction Program.

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

REQUEST BY ALLIANT ENERGY FOR PARKING WAIVER NEEDED FOR GAS MAIN WORK: Moved by Orazem, seconded by Corrieri, to adopt RESOLUTION NO. 15-229 approving the request to temporarily waive Municipal Code Sections 18.31(45), "Carroll Avenue," and 18.9, "Forty-Eight Hour Parking," along Carroll Avenue from 5th Street to 9th Street from April 21, 2015, through May 5, 2015.

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 authorize City staff to extend the parking waiver, if needed.

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

OPTIONAL TIME-OF-USE INDUSTRIAL ELECTRIC RATE ORDINANCE: Donald Kom, Director of Electric Services, explained the proposed Time-of-Use (TOU) Industrial Electric Rate

Ordinance. He stated that the City is obligated to meet demand with Generation Capacity plus Reserves. Mr. Kom specifically explained the Supply Side – a decision to build or contract has to be made. If you build, it is done in incremental steps. Rather than building, the City could contract; however, that is subject to market conditions. Another option is the Demand Side, which is what the City has been doing for over ten years. The Demand Side means working with customers to educate them on ways to conserve, thus, helping to manage the peak.

Mr. Kom showed a chart noting the Maximum Monthly Demands from January 2002 through the present. Noting that Ames' peaks occur in the summer, projections for the demand for traditionally hot summers were also shown. A chart that included Ames and ISU Excess Generation (excluding imports and new loads) was also shown. In 2016, with the return of GT1, there still might need a need to purchase capacity through MISO. According to Mr. Kom, through the Demand-Side Management Program, which incentivizes conservation, it might be possible to put off purchasing a third generator for three to five years, which will save Ames customers a lot of money. Mr. Kom also referenced the rules and standards that are being mandated by the Environmental Protection Agency (EPA).

Possible next steps were explained by Director Kom, as follows:

1. Build New Generation. That would constitute a high-capacity investment.
2. Power Purchase Agreement. That would work for short versus long term; however, supply is tightening due to the new EPA rules.
3. Demand Side. This has been proven to be partially effective.
4. Other Options. Solar is an option, however, Ames does not peak when the sun is the most intense. Ames normally peaks between 4:00 p.m. and 7:00 p.m. Rate Design is another option.

Mr. Kom explained Rate Design by customer classes, i.e., residential, small commercial, commercial, and industrial. He specifically defined the rate components: Customer Charge and Energy Charge.

The Summer Peak Day Load Curves were shown from 2006 through 2014, which indicated that Ames normally peaks between 4:00 p.m. and 7:00 p.m. Therefore, the goal was to design a TOU Demand Rate that discourages load in the 4:00 p.m. to 7:00 p.m. window.

Mr. Kom explained why the focus of the TOU Demand Rate Ordinance was on industrial customers. In summary, that has the greatest potential to make changes that save the most energy. According to Mr. Kom, the City is not planning on rolling a TOU Demand Rate out to residential customers because it is cost-prohibitive; it requires substantial investment in infrastructure because specialized metering has to be installed. He pointed out that by working with a few industrial customers, several megawatts can be cut.

Rate Design. Mr. Kom explained that Ames gets its energy from two sources: City generators (meets approximately 40% of the City's load) and energy market (meets approximately 50% of the

City's load). The energy market prices change hourly. A graph showing the Annual Average Day Price was shown. Another graph showing the off-peak and on-peak times indicated that Monday through Friday from 8 AM to 8 PM were the on-peak hours. The Purchased Energy Prices for 2012 through 2015 and projected through 2017 were shown. Mr. Kom specifically explained the existing industrial rate and the proposed industrial TOU industrial rate. Under the TOU industrial rate, the customer must curtail load for up to four hours with a six-hour notice.

Director Kom noted that the TOU Industrial Rate is being proposed as a pilot. He reported on the pros and the cons to the City and to the customer of the proposal. Mr. Kom believes that the TOU Industrial Rate is a perfect example of Demand Side Management. If the proposed Ordinance moves forward, staff would be updating the Council throughout the 15-month period.

Mike Simpson, Plant Manager of the AMCOR Plant, said that his company had been asking for the TOU Ordinance as AMCOR has the ability to move its peak. Mr. Simpson reported that the Ames Plant's energy costs are in the upper third of all the AMCOR facilities, which make it very difficult for the company. He noted that he will actually be spending more money on labor costs to show that the Plant can lower its peak demand, but believes that it will be beneficial in the long run.

Director Kom said that the goal is to get the Ordinance in place prior to the summer season. Mr. Kom, therefore, asked that the Council pass the ordinance on first reading at this workshop. He would like to implement the Ordinance by the 1st of May. Mr. Kom noted that this Ordinance should benefit the customer.

Council Member Betcher asked Mr. Kom if Electric Services had shared this proposal with Vet Med. Mr. Kom replied that it would be difficult to put this into place for Vet Med for several reasons. Energy costs are a big component for AMCOR. It would not work for Vet Med because it would not be possible to schedule its surgeries and other services around the energy peak times as is possible for industrial plants. The City will, however, share the rate with all the customers in the same class. It was noted that City of Ames production is growing by 1 MW per year. Average cost of electricity for AMCOR is \$460,000/month; its usage is approximately 12 MW. Under the proposed Ordinance, by controlling its usage during the peak times (4 to 7 PM), AMCOR's usage would be approximately 5 MW, thus, cutting its usage by 7 MW. This would be very beneficial for the City.

Director Kom pointed out that the purpose of the Ordinance is to avoid the future cost of additional generation. Council Member Goodman noted that it is important for the Council to see the net number (lost revenue by a lower kW charge to customer, but lower cost energy and the delay of purchasing another generator).

Al Joensen, 2602 Yorkshire Street, Ames, spoke in favor of the proposed TOU Ordinance. He suggested that the TOU Ordinance be extended to churches. Mr. Joensen advised that seven churches in Ames have extremely high electricity charges. Mr. Joensen also asked that the City consider the phenomenon of the Power Factor penalty when encouraging the usage of LED lighting.

Moved by Goodman, seconded by Corrieri, to pass on first reading an Optional Time-of-Use Industrial Electric Rate Ordinance.

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

ADJOURNMENT: Moved by Gartin to adjourn the meeting at 9:25 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor