

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

**AMES, IOWA**

**FEBRUARY 2, 2007**

The Ames City Council met in special session at 2:00 p.m. on February 2, 2007, in the Council Chambers of City Hall, 515 Clark Avenue, pursuant to law with Mayor Campbell presiding and the following Council members present: Doll, Goodman, Larson, Mahayni, Popken, and Rice. *Ex officio* Member Borich was absent.

Japannah Kellogg, Iowa State University Director of Student Support Services, introduced Dwainiece Trumbo and Keith Mensah, members of the Black Cultural Center Rededication Committee. Ms. Trumbo gave the background of the efforts towards the re-opening of the Black Cultural Center. The rededication will occur on February 14, 2007, at the Knapp/Storms Commons.

**FY 2007/08 BUDGET OVERVIEW:** City Manager Steve Schainker, Finance Director Duane Pitcher, and Budget Officer Carol Collings reviewed the documents contained in the budget packet distributed to the City Council.

Mr. Schainker advised that the FY 2007/08 Budget, as proposed, will require a 1.79% increase in the City tax rate from \$10.25/\$1,000 of taxable valuation to \$10.43/\$1,000 of taxable valuation (an additional 3.77% of new property tax revenues over the FY 2006/07 budget). He said that this is a relatively small increase given the small increase in property valuation (due to a slowdown in the new and existing housing market, the continuation of the conversion of existing apartments taxed at commercial rates to condos/co-ops taxed at the lower residential rates, court-ordered reductions in assessments on major commercial and industrial properties) and the continuing erosion of the City's tax base with a further decrease in the state-mandated rollback percentage.

City Manager Schainker told the Council that, through comments received by citizens, he believed that the City had reached a point where more serious attention must be given to established neighborhoods to ensure that they do not further degrade. He brought the Council's attention to the Building Safety Program, which reflects \$86,000 from property tax proceeds to finance a new Property Maintenance Inspector position and 15% of the Building Official's time. This will alter the City's philosophy from a reactive to a proactive approach to enforcing the existing codes that impact the quality of neighborhoods. Mr. Schainker said that this new approach to Code enforcement will require the Council's full support given the increase in violations that will result. He told the Council members that next year, it is hoped that they would support the adoption of a new Property Maintenance Code. In order to accomplish the proactive enforcement strategy, Mr. Schainker advised that a reorganization of the Inspections Division would be needed. A new Building Code Inspection Supervisor position has been proposed to allow the Building Official the necessary time to be more involved in enforcement. In addition, it is being recommended that the Rental Housing Inspector position be replaced by a Housing Inspection Supervisor position that will devote approximately 75% of time towards rental inspections and the remaining 25% towards supervising a part-time inspector and support staff person. Both of these positions will be funded by user fees.

According to Mr. Schainker, the proposed FY 2007/08 budget also supports the creation of a quarterly neighborhood newsletter published and circulated by the City's Public Information Officer with funding from the Neighborhood Improvement Grant Program and instructional

sessions by Information Services staff to assist neighborhood representatives in establishing their

own blogs.

City Manager Schainker stated that the Storm Sewer Utility will see a \$.35 rate increase (bringing the total to \$2.60/month) to offset the costs of improved storm water protection. The EPA's National Pollutant Discharge Elimination System will necessitate this increase to cover the costs associated with meeting new federal requirements. It is also proposed that one new position, a Storm Water Technician, be added; that position will be supported by the Storm Sewer Utility fees, developer reimbursements, and new permit fees. Mr. Schainker said that this budget also includes funds for the City to construct a number of rain gardens and a buffer strip to serve as examples of how low-impact development techniques work. If approved, grants will also be provided for property owners to construct their own rain gardens.

Following the City Council's "One Community" initiative, Mr. Schainker said staff is recommending that more ISU students be employed by the City. This budget reflects significant expenditures for interns and temporary employment positions that will be filled primarily by ISU students. According to Mr. Schainker, not only do the students benefit, but the City benefits as well due to lower personnel costs. In FY 2007/08, new intern positions in multiple departments will total \$79,129.

Regarding the Parking Fund, Mr. Schainker reminded the Council that staff had previously advised that the expenses associated with enforcing parking laws, prosecuting violators, and maintaining the parking lots were not being offset by the revenues for those services. In addition, the Council has been waiving parking meter fees for special events, as requested by the Main Street Cultural District (MSCD), totaling approximately \$25,000 annually, and that has caused a further loss in revenue. Based on research conducted by an employee team, this budget includes the following:

1. An increase in overtime parking fines from \$3 to \$5
2. Illegal fines remaining at \$10, but increasing to \$15 after seven days (rather than after 30 days)
3. Allowing the collection agency to report the status of an individual's unpaid parking fines to credit companies

According to City Manager Schainker, the above-recommended changes are estimated to yield an additional \$68,000/year.

Mr. Schainker pointed out that a review of time spent by Police Department Community Service Officers (CSOs) indicates that approximately 20% of their time is devoted to non-parking services that free-up police officers' time on patrol. As a result of that review, approximately \$27,000 of the CSOs' funding will be shifted from the Parking Fund to the General Fund in 2007/08.

City Manager Schainker stated that there will be no rate increases built into the Electric, Water, and Sewer Funds for FY 2007/08. However, as the City plans for a major electric facility expansion to meet customer needs for the next 20 years, a rate increase will be needed in FY 2008/09 and a larger increase shortly thereafter.

Mr. Schainker advised that two new positions are proposed to be added to the staff of Electric Services: (1) An Energy Trader position (will allow one person to focus attention on searching the power grid each day to consummate deals to purchase energy at a rate less than the City can

produce it and also market excess energy, when it is available), and (2) Power Plant Operations Supervisor (to provide focused leadership to the Plant). Another new position proposed to be paid for out of Electric Services funds is a Procurement Specialist. It is needed to meet the additional demands resulting from a recent change mandated by state legislation regarding the bidding process.

City Manager Schainker stated that the following items have not been included in this budget:

1. The MSCD request to suspend metered parking enforcement on Saturdays.
2. The request from Youth and Shelter Services (YSS) to pay \$1/year for leasing 16 parking spaces in City Lot #P. The City and YSS had entered into an agreement at the time of the old City Hall renovation (1997) that YSS would not be charged for those spaces for ten years. After that time, however, the price for those spaces may be set by the City Council. (Mr. Schainker advised that this issue is on the Council's draft agenda for February 13, 2007.)

Tax levies were then explained by Finance Director Duane Pitcher. The levies are divided among the City of Ames (32.91%), Story County (20.76%), Ames Community School District (44.12%), and DMACC (2.21%). Among the 11 largest cities in Iowa, Ames is the second lowest for tax levies to be collected in FY 2006/07. According to Mr. Pitcher, the taxable valuation change from 2006/07 to 2007/08 was a net increase of 1.96%. The taxable value for residential property increased 6%, commercial property decreased by 1.15%, industrial property decreased 8.05%, and utilities decreased 5.41%. New improvements accounted for 1.96%, .09% was the result of changes to existing property, and there was a negative .09% due to rollback. Mr. Pitcher then explained how the state rollback affects the taxable value. Regarding the Local Option Tax Impact on the levy, Mr. Pitcher pointed out that 60% of the proceeds goes to offset property taxes, yielding a decrease in residential taxes of \$1.80/\$1,000 valuation.

Regarding the dollar value and percentage change of assessed and taxable values, Mr. Schainker pointed out that, of the total increase in assessed value of residential, commercial, industrial, and utilities, which equated to \$116,128,602, the taxable value increased by only \$37,036,451. Mr. Pitcher gave an analysis of the changes in taxable value of existing property: Residential saw a decrease due to the state rollback adjustment of \$2,804,035; Commercial increased \$12,028,000; Industrial decreased \$8,741,990, and Utilities decreased \$511,524.

The Fire & Police Trust Fund was briefly explained by Mr. Pitcher.

According to Mr. Pitcher, the total change in the net tax asking will be \$732,085. Residential property will increase by approximately .83%/\$1,000; Commercial, by 2.67%; and Industrial, by 1.79%. The dollar change for residential customers will be approximately \$3.90/\$100,000 in valuation; commercial customers, approximately \$27.10; and industrial customers, \$18.10. Mr. Pitcher advised that the non-property tax change in revenue will equate to \$564,983 in FY 2007/08. Expenses will increase by \$1,053,932, which include Personal Services (interns, temporary employees, IPERS, and Municipal Fire & Police Retirement), Contractual (street lights, gasoline, fleet replacement, and Police data processing savings), Commodities, Capital, and Other (Transit's levy transfer and Hotel/Motel pass-thru). The total change in the General Levy will equate to \$488,949, the Transit Levy will be \$63,733, and the Debt Service Levy will be \$179,403. Mr. Pitcher stated that the per-residence property tax for the cost of City services will equate to \$475/\$100,000 valuation.

Mr. Pitcher summarized the debt service cost allocations for the FY 2007/08 budget. The Debt Service Levy will be \$3.68605/\$1,000 in FY 2007/08. He explained how the City uses part of the Fund Balance to draw down the debt and pointed out that the Fund Balance will be depleted by 2011/12.

Council Member Popken asked to have the assessed values tracked for residential and commercial properties since the inception of condominiums/co-ops conversions.

Budget Officer Carol Collings described the fund sheets in detail. She explained how the General Fund ended with an available balance equal to 25.9% of expenses. Ms. Carroll stated that the Local Option Sales Tax Fund Balance anticipated in 2007/08 is \$2,074,277. The City has a policy of reserving one-fourth of that balance, which equates to \$884,084. Therefore, the Unreserved Fund Balance in the Local Option Sales Tax Fund is anticipated to be \$1,190,193.

Regarding Hotel/Motel Tax, Ms. Collings explained that of the \$.07/\$1.00 tax, \$.05 is provided to the Ames Convention & Visitors Bureau for community attractions, \$.01 replaces the Local Option Tax and is split 60% for tax reduction and 40% for community betterment projects, and the remaining \$.01 remains in this Fund for economic development activities.

Ms. Collings explained that the Leased Housing Fund accounts for operations of a Federal Low-Income Housing Assistance Program. Beginning in 2004/05, the federal reimbursements for rent payments and administrative expenses dropped substantially. The City reduced FTEs assigned to the Program by one and shifted 90% of the Housing Coordinator's salary to the new Community Development Block Grant Program. However, even after those changes, Program revenues are now insufficient to cover expenses. The City attempted to contract with another housing authority to administer the Program in 2005/06, but that contract was canceled. This Program is expected to operate with a deficit in FY 2007/08 and beyond. City Manager Schainker stated that this budget includes a reinstatement of 1.5 FTE to assist with four Affordable Housing programs. In regards to the Leased Housing programs, he said that the City Council must eventually choose to continue to deplete available fund balances to finance the administrative costs of the programs, discontinue the programs, allow another agency to administer the programs, or include the administrative costs in the ASSET process.

Mr. Schainker reiterated that no water rate increase is planned for FY 2007/08; however, a series of rate increases will be needed beginning in FY 2009/10 with a 10% adjustment in order to finance the renovation of the aging Water Plant. This budget introduces a new conservation initiative utilizing an ISU marketing class and an extensive customer education program to help reduce water consumption. He advised that an increased number of capital improvement and ongoing maintenance projects have justified the need to increase two three-quarter-time Environmental Engineer positions to full-time. This increase will be paid for equally by the Water Utility and the Sanitary Sewer Utility.

It was stated that the sanitary sewer rate will not see an increase in FY 2007/08, but it is being projected that rate increases will be necessary starting with a 10% adjustment in FY 2010/11, depending on the magnitude and timing of the facility expansion project that will be required by the state and federal governments. Mr. Schainker said that the City's goal for this year will be to work with the Iowa Department of Natural Resources to obtain a discharge permit.

Regarding the Resource Recovery Plant, there is no increase in the per-capita charge or tipping

fee being proposed. The per-capita charge to participating municipalities and the tipping fee will remain at \$10.50 and \$52.75/ton, respectively, in FY 2007/08. Mr. Schainker praised the staff, who is continually finding creative ways to retool the Plant to reduce expenditures.

Regarding the Ames/ISU Ice Arena, Mr. Schainker explained that the City attempts to maintain certain available balances to handle cash flow needs during those months when little or no revenue is received. Even with a 5% increase in ice rental fees in FY 2006/07 and an additional 5% boost in FY 2007/08 at the Ice Arena, it is being projected that there will only be \$11,752 remaining as a fund balance. That is well short of the City's stated goal of \$68,000. It is staff's belief that any further increase in fees would only serve to reduce the number of rental hours. As a short-term strategy to restore the available balance, this budget assumes that the annual \$40,000 contribution from the City and ISU to fund a capital reserve fund for the Ice Arena will be diverted to the operation balance in FY 2007/08 to increase the projected ending balance to \$51,752. Mr. Schainker acknowledged that more needs to be done to ensure that this operation remains financially viable, and staff will be working with ISU officials to generate more ice rental revenue during the non-peak (summer) months.

According to Mr. Schainker, Homewood Golf Course is experiencing the same decrease in play of 3 to 8% that is being seen on the national level. This trend will result in operating expenses exceeding the projected revenue by \$11,926 in FY 2007/08 and will leave a fund balance of \$25,069, which is substantially less than the desired goal of \$44,000. During the next year, staff will be introducing a number of innovative strategies to increase play with rental golf carts, reduction of green fees during non-peak weekday hours, and other promotions in hopes of improving the fund balance by the end of the year.

Council Member Goodman said that he wonders if the City is sometimes having a hard time making ends meet on certain endeavors where there are other market options. He questioned whether the City ever decides to stop providing an option. Council Member Schainker said that he always challenges City staff to review the processes to see if the services should be continued. He said it may be best to discuss the options with the Parks & Rec Commission and City staff. Mr. Schainker said that Homewood does provide a service for certain types of clientele. The Golf Course and Ice Arena are being run by the City as enterprise funds (revenues cover expenses); however, that is a policy decision of the City Council. He pointed out that the swimming pools are not being run as enterprise funds.. If operations are ceased, the issue will be what to do with the land.

Ms. Collings stated that there are amounts programmed into this budget to fund ASSET, COTA, Public Art, Partner Cities, Ames Historical Society, Special Olympics, and the Iowa Games. City Manager Schainker briefly reviewed budget requests from the Historic Preservation Commission, Ames Economic Development Commission, Hunziker Youth Sports Complex (operating and capital), and the Main Street Cultural District (MSCD) [operations and plantings].

Discussion ensued on the Council's allocation of \$60,000 to the MSCD. Council Members Mahayni and Goodman recalled that Council, at that time, allocated the funds to help the District gain membership and become self-sufficient.

Council Member Goodman asked Council Member Doll, as the Council's representative on the Ames Convention & Visitors Bureau (ACVB), if funding requests for one-time events would be handled by the ACVB. Mr. Doll responded that funding for the 4<sup>th</sup> of July fireworks would be

continually funded by the ACVB. Agencies sponsoring other one-time events may reapply each year.

Council Member Goodman expressed his opinion that initiating property code enforcement appeared similar to some elements of the sidewalk program in terms of being very well-intentioned, but difficult to implement. He encouraged other Council members to speak with him or Council Member Mahayni as to what they might expect and to think of ways to do this better.

**COMMENTS:** Moved by Doll, seconded by Rice, to reconsider the action taken under Item No. 27 pertaining to large-lot development from the Council's meeting on January 23, 2007, i.e., to direct staff to initiate changes to the Land Use Policy Plan and Zoning Ordinance to exempt 10% of the area from the minimum density requirement for all suburban residential low-density zones.

Council Member Doll said that he has heard from many community members that there is not a real push for the action that was taken. He had voted for this initially because he felt it would provide for a broader mix of housing options and that it would not have a large impact. After reviewing it, however, he thinks that 10% of every development could have a large impact. One developer present on January 23, 2007, indicated that it would not be more than ten (10) to 15 lots per year; however, that was just one developer; there could be four or five developers.

Vote on Motion: 4-2. Voting aye: Doll, Goodman, Popken, Rice. Voting nay: Larson, Mahayni. Motion considered carried.

Mayor Campbell indicated that reconsideration of this issue would be placed on the Council's agenda for February 13, 2007.

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

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

Moved by Goodman, seconded by Popken, to return to Regular Session.

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

Moved by Mahayni, seconded by Goodman, to adopt RESOLUTION NO. 07-050 ratifying the contract with International Association of Fire Fighters (IAFF), Local 625.

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

**ADJOURNMENT:** Moved by Doll, seconded by Goodman, to adjourn the meeting at 4:46 p.m.

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

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Diane Voss, City Clerk

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Ann H. Campbell, Mayor