

MINUTES OF THE REGULAR MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

APRIL 28, 2009

The regular meeting of the Ames City Council was called to order by Mayor Campbell at 7:00 p.m. on April 28, 2009, in the City Council Chambers in City Hall, 515 Clark Avenue. Council Members present were Doll, Goodman, Larson, Popken, and Rice. Council Member Mahayni was absent.

RECOGNITION OF ISU WOMEN'S BASKETBALL TEAM: Mayor Campbell recognized the Iowa State Women's Basketball Team, Head Coach Bill Fennelly, Associate Head Coach Jack Easley, Assistant Coaches Jodi Steyer and Latoya Schaben, and Director of Basketball Operations Josh Carper. The Mayor congratulated them for their successful season, specifically noting their reaching the "Elite 8" during the NCAA Tournament. Coach Fennelly thanked the community for its support. Heather Ezell also expressed the appreciation of the team members.

PROCLAMATION FOR ARBOR DAY: Mayor Campbell proclaimed April 24, 2009, as Arbor Day. Accepting the Proclamation were Ray Bratsch-Prince, Bill LaGrange, Bruce Vance, Dave Brotherson, Abbie Dirks, Dianne Brotherson, and Bob Schumer, representing Ames Trees Forever.

PROCLAMATION FOR NATIONAL CRIME VICTIMS' RIGHTS WEEK: April 26 - May 2, 2009, was proclaimed by Mayor Campbell as National Crime Victims' Rights Week. Cathy Vincent, Story County Attorney's Office Victim Witness Coordinator; Marcy Webb, representing ACCESS; and Ames Police Chief Chuck Cychosz and Commander Jim Robinson accepted the Proclamation.

PROCLAMATION FOR NATIONAL PRESERVATION MONTH: The Mayor proclaimed May 2009 as National Preservation Month. The Proclamation was accepted by Gloria Betcher, Chairperson of the Ames Historic Preservation Commission.

CONSENT AGENDA: Council Member Larson asked that Item No. 10, the appointment of the City Council *ex officio* member, be pulled for separate discussion.

Moved by Rice, seconded by Doll, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
2. Motion approving minutes of the Regular Meeting of April 14, 2009
3. Motion approving certification of civil service applicants
4. Motion approving Contract Change Orders for April 1-15, 2009
5. RESOLUTION NO. 09-158 approving Quarterly Investment Report for period ending March 31, 2009
6. RESOLUTION NO. 09-160 approving appointment of Stephen Larson to EUORAB
7. RESOLUTION NO. 09-161 approving Agreement to Provide Fleet Management Maintenance Services to Story County Community Services and Story County Community Life Programs
8. RESOLUTION NO. 09-162 accepting easement from Taylor Family Limited Partnership to allow traffic signal at Bloomington and Stange
9. RESOLUTION NO. 09-163 approving preliminary plans and specifications for South Duff Area Storm Sewer; setting May 20, 2009, as bid due date and May 26, 2009, as date of public hearing
10. RESOLUTION NO. 09-164 approving preliminary plans and specifications for CyRide Steam Clean/Old Wash Bay Area Rehabilitation Project and Shop Exhaust Removal System/HVAC Improvement Project; setting May 28, 2009, as bid due date and June 9, 2009, as date of public hearing

11. City of Ames WiFi Hotspots and Facilities:
 - a. RESOLUTION NO. 09-165 awarding contract to Alexander Open Systems of Omaha, Nebraska, for installation of Cisco Equipment in the amount of \$8,355
 - b. RESOLUTION NO. 09-166 awarding contract to En Pointe Technologies, Inc., of Gardena, California, for Cisco Equipment in the amount of \$35,673.35
12. RESOLUTION NO. 09-167 approving contract renewal for purchase of Residential Single-Phase, Poly Phase, and Programmable Demand Type Meters to Fletcher Reinhardt Company of Cedar Rapids, Iowa, in accordance with unit prices bid plus applicable sales taxes
13. RESOLUTION NO. 09-168 approving Change Order No. 5 for Five-Year Water Treatment Plant Well Rehabilitation Project
Roll Call Vote: 5-0. Resolutions declared adopted unanimously, signed by the Mayor, and hereby made a portion of these minutes.

APPOINTMENT OF EX OFFICIO CITY COUNCIL MEMBER: Council Member Larson explained that he had pulled this item from the Consent Agenda to allow the new *ex officio* candidate to introduce himself.

Paul Keppy advised that he is originally from Davenport, Iowa. He is a Senior at Iowa State University, majoring in Political Science and Economics.

Moved by Larson, seconded by Rice, to adopt RESOLUTION NO. 09-159 approving the appointment of Paul Keppy as City Council *ex officio* member.

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

Mr. Keppy joined the Council members at the dais.

PUBLIC FORUM: Ken Kruempel, 2519 Timberland Road, Ames, complimented the staffs of Ames Electric Services and the Finance Department for their assistance and information provided while he has been teaching Electric Power System Analysis at ISU.

Mr. Kruempel also brought the Council's attention to what he considers to be an eyesore along State Avenue in the area of the former Middle School. It appears that the School District is using the parking lot as an "outdoor warehouse" and that the City is also storing water pipe and "junk" in the south part of the lot. In addition, there are pieces of pipe laid out on the street right-of-way, and there are pieces of trees, gravel, and uneven piles of dirt piled on the side of the street. Mr. Kruempel noted that there had been no construction activity in this area for some time and asked that contractors be informed that this is not the way citizens want the City to look.

Richard Doi, 505 Eighth Street, Apartment #2, Ames, stated his belief that a good government should give all the citizens laws, and the government should be made to be for the public.

Council Member Doll advised that he had asked for an update from the Public Works Department on the infrastructure project around State Street. The City is working with the contractor and the project is moving forward. They are still working on Manning Street.

BEER PERMIT FOR AMES JAYCEE'S: Moved by Popken, seconded by Doll, to approve a new 6-month Class B Beer Permit & Outdoor Service Privilege for Ames Jaycee's events in Bandshell Park effective May 15, 2009.

Vote on Motion: 4-0-1. Voting aye: Doll, Larson, Popken, Rice. Voting nay: None. Abstaining: Goodman. Motion declared carried.

BEER PERMIT FOR AMES BRITISH FOODS: Moved by Rice, seconded by Goodman, to approve a new Class C Beer Permit for Ames British Foods, 819 Lincoln Way, Suite D.

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

HUNZIKER YOUTH SPORTS COMPLEX SIGN ON CITY PROPERTY: Moved by Goodman, seconded by Rice, to adopt RESOLUTION NO. 09-169 approving the request of the Hunziker Youth Sports Complex Board of Directors to place a sign on City property adjacent to the Animal Control facility, with the following stipulations:

1. All maintenance, repairs, and replacement will be the responsibility of the Hunziker Youth Sports Complex.
2. The City retains the right to have the sign removed by the Hunziker Youth Sports Complex for any reason that the City deems necessary.

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

PRESENTATION OF INDUSTRIAL PARK CONCEPT: City Manager Steve Schainker reminded the City Council members that they had directed him, at a prior goal-setting workshop, to develop recommendations regarding the development of a large-lot industrial park. This directive was given in response to information presented by the Ames Economic Development Commission (AEDC) indicating that in order to be a leader in the bio-economy, Ames needed large industrial lots available at a competitive price. At that time, an analysis by the City staff concurred that only smaller industrial lots were available to companies that wished to expand or locate in Ames. Since that time, Mr. Schainker said that he has been working with Dan Culhane, Executive Director of the AEDC, to develop possible options to develop a large-lot industrial park.

Mr. Schainker offered the following approaches for the Council's consideration:

Option I - City Partners with One Developer. The City pays for the cost of infrastructure while a developer purchases the land and sells it to a company at a pre-determined price. The City is ultimately reimbursed for its investment in infrastructure through revenues generated from a Tax Increment Financing District. The cost to be paid by the company that purchases the land from a developer will be agreed to by the City and the developer prior to initiating construction of the infrastructure. The developer will be selected based on a competitive selection process to ensure that all interested parties are given the opportunity to submit a proposal. Selection of the preferred developer will be based on the location of the proposed development, the per-acre cost of the infrastructure, and the number of acres made available for development. Under this option, the developer takes the lead on designing the park, subdividing the land, marketing the project, and finalizing land purchase agreements. The only cost to the company seeking to expand in Ames or relocate to Ames would be the cost of land, free of any development costs.

City Manager Schainker advised that this was the financing model used for the creation of the Ames Community Industrial Park located off East Lincoln Way. He named the pros and cons for this option.

Option II - City Partners with Development Group. The City pays for the cost of infrastructure while a group of interested developers purchases the necessary land and sells it to a company based on a pre-determined price. The City pays the infrastructure costs and will be reimbursed for that investment from revenue generated through a Tax Increment Financing District. The AEDC will attempt to attract interest in the project from a number of developers, and because all interested developers will be allowed to participate, there would be no need to design a competitive selection process. The developer will purchase the land and be paid by the company that ultimately locates there. The City and developer would jointly design the Park and market the land through the AEDC. The developer would subdivide the property and finalize land purchase agreements.

The pros and cons for this option were listed by City Manager Schainker.

Option III - City Only (Infrastructure). City pays for the cost of infrastructure, while the company pays for the cost of the land directly to the existing property owners. The City pays for the infrastructure costs and will be reimbursed for that investment from revenue generated through a Tax Increment Financing District. The City will negotiate an agreement directly with the existing property owners that will pre-determine the purchase price for the land to be charged to an interested company. The agreement with the existing property owners will also allow the City to construct the necessary infrastructure on the park site prior to the actual acquisition of the property. No developer involvement is required.

Mr. Schainker explained the pros and cons for this option.

Option IV - City Only (Land and Infrastructure). City pays for purchase of necessary land and infrastructure costs. The City is responsible for purchasing all land necessary for the new industrial park and pays the infrastructure costs. The City will be reimbursed for that total investment from revenue generated through a Tax Increment Financing District. No developer involvement is required. The City will determine the cost per-acre for the land that will be offered to companies locating at the Park.

The pros and cons for Option No. 4 were stated by City Manager Schainker.

Mr. Schainker reported that he and Mr. Culhane met and reviewed the four options with a group of developers to ascertain if there was support for any of the above options. It was clear after that meeting that there was little support for any option that required a developer to purchase land to be resold to industrial prospects. That group of developers did concur, however, that a large-lot industrial part was badly needed in Ames.

According to City Manager Schainker, the next steps in this process are to:

1. Develop a financing strategy for the Park
 - a. Obtain additional outside funding for infrastructure
 - b. Secure commitment from private utilities (gas and electric)
 - c. Identify an entity to purchase land
2. Need to identify a non-City entity to take the lead in developing the project
 - a. Work with current land owners
 - b. Accomplish subdividing of land
 - c. Work with companies within to build

Mr. Schainker advised that a committee was formed to assist in exploring this project further. The committee visited Lawrence, Kansas, and talked to representatives because of their success in accomplishing a similar project. According to Mr. Schainker, that city entered into a partnership agreement that included the City, County, and local utility companies. He pointed out that the site chosen for the Ames project is located outside of the Ames Electric Utility service territory, and that is an issue that will have to be dealt with through agreements or other commitments.

3. Develop the Park in phases – perhaps 20 to 30 acres/year

AEDC Director Dan Culhane presented a summary of the Concept Plan for a new industrial park. He gave credit to Mike Espeset, President of Story Construction, for his work on the Plan. Mr. Culhane pointed to a goal of the AEDC, which is to advocate for the development of large-tract industrial sites to give Ames a change to compete for capital-intensive, large-job-creation, projects. He stressed that government entities are large players in business parks.

Mr. Culhane presented the highlights of the Plan. The Plan envisions an industrial park, to be called Sunrise Prairie Business Park, of approximately 375 acres. (After subtracting the rights-of-way, it would equate to approximately 300 acres.) The Park would be located east of Interstate 35 and north of Highway 30. The chosen area was slated for industrial development in the long-range plans of the City of Ames and Story County, and it is contained within the Ames School District. The current owners of the land in question have expressed interest in selling their properties for this purpose. Mr. Culhane pointed out that the AEDC is convinced that this is the best location for an industrial park based on willing sellers at what is believed to be reasonable prices, an existing roadway that has planned improvements by the County, and its proximity to and visibility from the Interstate.

City Manager Schainker emphasized that the location of the proposed industrial park is consistent with the City's Land Use Policy Plan. He advised that the estimated cost to develop the Park is \$14 million. The first phase would equate to approximate \$4.5 million for infrastructure costs (not including electric or gas and assuming the sewer line from the west is already in place). Mr. Schainker reiterated that a financing package must be identified, the project must be broken into phases, and current property owners must be willing to sell their land. It also must be determined who will be the developer of the project. He stated that after discussing the options with area developers, it does not appear at this time that Options I or II are viable. Mr. Schainker emphasized that if TIF Districting is used, it will be crucial to have an appropriate amount of investment coming back into the City through taxes and job creation.

Mr. Culhane remarked that the City's delegation, who went to Washington, D.C., in March, talked to legislators about possible investments or earmarks for such a park. He said that it does not appear that Ames would qualify for EDA funding; it would have a challenging time proving blight and major job loss in the community. However, Senator Grassley's Office continues to encourage the AEDC to ask for federal funding for this project. Story County will need to play a role in this development as well, and the concept will be presented to the Board of Supervisors in the next few weeks.

Council Member Popken noted that the proposed project runs through three watersheds and that lift stations were being proposed for sewage. He recalled that the City's policy is not to recommend lift stations due to long-term maintenance costs and asked if there had been a change in that preferred policy. Mr. Schainker advised that lift stations would be temporary until the area was more developed; another sewer line could be installed when the area was built-out.

Council Member Doll asked what option was closest to the method used in Lawrence, Kansas, for development of its industrial park. Mr. Culhane advised that it was all public investment and marketed privately; it is ten years old now.

Council Member Popken said that when he has attended economic development sessions at National League of Cities Conferences, he has heard that companies are looking for locations that have infrastructure already installed so they can be up and running in six months. In reference to the TIF, Mr. Popken asked if there were models that would allow the City to finance the infrastructure and that would be part of the purchase price for the land. Mr. Schainker said that the sale of land could be “plugged in” to help reduce the debt; it doesn’t have to be only the taxes. Mr. Popken also asked if the City would be able to approve which companies were allowed to be brought into the Park. Mr. Schainker indicated that staff would need to have that direction from the City Council. Mr. Culhane stated that he would not want it to be made so exclusive that opportunities are missed to pay down the debt. He reiterated that there are a lot of “hurdles” to go over yet and that is one of them.

Council Member Rice noted that this Plan assumed that Mr. Wolford will fulfill his obligation to install infrastructure on his property. City Manager Schainker acknowledged that the Plan costs assume that the infrastructure would have been installed to that point; no assumptions were made as to whom pays for it.

Council Member Doll asked to be provided with numbers of jobs to be created and how much revenue would be brought in, not necessarily on the tax side, but from the sales taxes paid by the additional 2,500 families.

Council Member Popken encouraged “green construction” of buildings in the Park.

Mr. Culhane indicated that this development needs to be very aesthetically pleasing – a “first class business park”; it technically would serve as an entryway to the City.

Council Member Goodman said that he wants to make sure any new investment doesn’t undercut existing investment and that the City gets a very good return on its investment.

HEARING ON UNIT NO. 8 STEAM GENERATOR WATERWALL PANELS: Mayor Campbell opened the public hearing. There being no one wishing to speak, the hearing was closed.

Moved by Popken, seconded by Goodman, to adopt RESOLUTION NO. 09-170 approving final plans and specifications and awarding a contract to Boiler Tube Company of America of Lyman, South Carolina, in the amount of \$1,408,355.

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

HEARING ON AIRPORT RUNWAY 13/31 REHABILITATION: The public hearing was opened by the Mayor. She closed same after no one came forward to speak.

Moved by Goodman, seconded by Rice, to adopt RESOLUTION NO. 09-171 approving final plans and specifications and awarding a contract to Concrete Technologies, Inc., of Urbandale, Iowa, in the amount of \$2,386,591.85, subject to Federal Aviation Administration (FAA) concurrence.

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

HEARING ON WATER POLLUTION CONTROL FACILITY CLARIFIER PAINTING PROJECT: The Mayor opened the public hearing. No one asked to speak, and Mayor Campbell closed the hearing.

Council Member Doll left the meeting.

Moved by Goodman, seconded by Rice, to adopt RESOLUTION NO. 09-172 approving final plans and specifications and awarding a contract to L&P Painting Company, Inc., of Cedar Rapids, Iowa, in the amount of \$253,461.

Roll Call Vote: 4-0. Resolution declared adopted unanimously, signed by the Mayor, and hereby made a portion of these minutes.

HEARING ON VACATION OF EASEMENTS IN REPLAT OF SOUTHERN HILLS WEST:
The public hearing was opened by Mayor Campbell.

Council Member Doll returned to the meeting.

Director of Planning and Housing Steve Osguthorpe said that an application for Minor Final Plat approval had been submitted to subdivide Plat 2 of the Southern Hills West Subdivision. He explained that the replat would result in three lots instead of four. There are utility easements and a bike path easement running through the lots. Mr. Osguthorpe advised that there are no utilities lying within the easements, and the Public Works Department has recommended approval of the vacation of the easements.

Mr. Osguthorpe advised that a waiver of the sidewalk requirements for the replat of Southern Hills West also had been requested. If the sidewalk waiver is not approved, the Final Plat would need to be referred back to City staff.

According to Mr. Osguthorpe, there is existing asphalt parking on Lots 1 and 2. There was expansion of parking in Lot 2 that occurred some time between 1998 and 2003 that the City did not approve. Some of that parking is in the City's clear zone easement. It was determined in 1999 by the Federal Aviation Administration and the City's Airport Administrator that parking within the clear zone easement did not respect the terms of the easement. The easement was originally purchased by the City in 1957, and the intent was to only allow agricultural uses. According to Director Osguthorpe, the applicants have agreed to remove that portion of the unapproved parking within the clear zone easement before the Final Plat is recorded. Mr. Osguthorpe reviewed Points of Agreement regarding the unapproved parking that is not in the clear zone easement as well as the unapproved parking that is in the clear zone easement. In summary, the applicants need to remove the unapproved parking or provide financial security for completing its removal before the Plat is recorded. The deadline for completion would be three months from the Plat approval date.

Mr. Osguthorpe said that the site was not developed with a sidewalk when it was first platted in 2004; however, a frontage road was installed and labeled as a "bike path." A note on the plat indicates that the frontage road also serves as a sidewalk for the property. The plat was approved at a time when the Council was deliberating on the requirements for sidewalks. It was ultimately decided that sidewalks would be required on at least one side of the street in industrially-zoned areas. The regulations adopted at that time provided strict criteria for sidewalk deferral. Additionally, the lack of a sidewalk was specifically approved via a note on the Preliminary Plat because it was suggested at that time that a sidewalk was not feasible at this location.

Director Osguthorpe advised that the Subdivision Code now requires sidewalks in all areas and requires bikeways when a lot is subject to a “bicycle route master plan.” The City Council has, in some areas, allowed shared-use paths to meet that requirement. The frontage road on the Southern Hills West Plat does not meet the definition of a “sidewalk” because it is not an improvement for exclusive use by pedestrians, and it does not meet the definition of “shared-use path” because it is not physically separated from the motorized vehicular traffic.

Karin Sevde, 2417 Worle Lane, Ames, advised that she is an owner of the area in question. She said that the 22-foot-wide frontage road currently serves as a shared-use path. There is a very low volume of traffic. The owners have agreed to remove the unapproved parking.

Richard Doi, 505 Eighth Street, Apartment #2, Ames, indicated that the frontage road is fine for pedestrians and as a bike path.

Mr. Osguthorpe pointed out that the applicants have stated that the waiver is needed because the sidewalk is constrained by topography, trees, limited areas, surface drainage, and the rural road section of the current frontage road. The City’s Municipal Engineer has stated that it appears physically feasible to install a four-foot sidewalk just behind the Airport Road back of curb at the west side of the property. The cost of doing so is estimated at \$12,800. However, Public Works staff does support a waiver of sidewalk requirements for this Subdivision. It was noted that during several past projects, a frontage road has been utilized for pedestrians/bicycles due to the low volume of traffic. Also, when the area in question was initially subdivided, the City Council approved on August 12, 2003, that there would be no requirement for the developer to construct a sidewalk or bike path in this location.

Council Member Doll asked, should the waiver be granted, if signs would be posted that the frontage road is a shared roadway. City Manager Schainker stated that would be a separate discussion; it is not a stipulation of approval. Director Osguthorpe said that staff could, under the terms of the easement, be directed by the Council to place such signs.

Council Member Popken asked if the volume of traffic would change substantially as the area further develops. Mr. Osguthorpe indicated that it would to a certain degree, but how much is unknown. Mr. Popken said that he did not believe that the frontage road was a good alternative to a sidewalk; it might be fine for bicycle traffic, but not for walkers or runners. Director Osguthorpe emphasized that staff was not suggesting that frontage roads are an acceptable alternative to a bike path.

City Manager Schainker pointed out that any prospective sidewalk would be very close to the curb on Airport Road. He also noted that it potentially could be covered with snow for several months of the year, and from a safety standpoint, a sidewalk would not normally be designed to be that close to the road.

According to Mr. Osguthorpe, based on Public Works staff comments, the project would not comply with the deferral provisions for sidewalks because there are no topographic conditions that would make installation difficult. The only means of granting relief from the sidewalk requirement would be through the standard waiver provision of the Subdivision Code. He noted that Public Works staff finds that the frontage road is adequate for pedestrian purposes due to its low volume.

Council Member Goodman indicated that, if at any point there is any rehabilitation of the frontage road, he would like to see a shared-use path built in to the plans and specifications. City Attorney

Doug Marek indicated that if the Council chose to require that, the item would need to be denied since this was not listed on the Agenda, and brought back with an agreement to require that in any future rehabilitation.

After no one else wished to speak, the Mayor closed the public hearing.

Moved by Rice, seconded by Doll, to adopt RESOLUTION NO. 09-173 approving the request for waiver of subdivision regulations regarding the sidewalk requirement.

Council Member Goodman asked if the City Council should require signage be placed on the frontage road. City Manager Schainker asked if he were requiring signage be included by the developer. He pointed out that the frontage road is a private road. Karin Sevde indicated that the City had the permission of the owners to place the signage.

Roll Call Vote: 4-1. Voting aye: Doll, Goodman, Larson, Rice. Voting nay: Popken. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these minutes.

Moved by Rice, seconded by Larson, to adopt RESOLUTION NO. 09-174 approving the vacation of the electric utility easement, public utility easement, and bike path easement in Lots 2 and 3.

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

Moved by Larson, seconded by Rice, to adopt RESOLUTION NO. 09-175 approving the Final Plat for Southern Hills West, Plat 2, subject to the following condition: (a) Prior to Plat recordation, compliance with the options included in the Points of Agreement.

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

ALTERNATIVE ENERGY: Assistant City Manager Sheila Lundt presented an update on IAMWind. She pointed out that it had been nearly six months since the City Council approved membership in Phase II of the Ridgeport Wind Energy project. The City has paid a little less than \$197,665.30, which is about half of the City's total anticipated contribution to Phase II. Staff is seeing progress in terms of determining the suitability of the site. Progress is also being made on obtaining easements; 48 of the approximately 66 easements have been obtained. The megawatt output of this area is hoped to be between 100 and 135, depending on the number of easements that can be obtained and the number of towers to be placed.

Ms. Lundt reported that, at a meeting last week, staff learned that 2011 would be the earliest that power could be available from the site if everything goes well. With the current financial crisis, equity financing is not available and costs are up dramatically for any financing that is available. The total cost of the Ridgeport Project is expected to be \$200 - 250 million.

According to Ms. Lundt, the current 28E agreement and the By-Laws for this Project legally allow for IAMWind to structure debt through tax-exempt Electric Revenue Bonds. The Project, if totally built-out, could cost between \$200 and \$250 million. On the practical side, according to Ms. Lundt, rating and selling bonds would be very difficult, if not impossible, since IAMWind has no direct customers, no current generating assets, and no rate-making authority. Therefore, that debt would fall on the member agencies to finance. Ms. Lundt noted that the Council has not discussed that possibility, and if that occurred, the City could easily be asked for more than \$50 million, which would result in a rate structure that would be "pretty shocking." If the Project were constructed and

owned by a private entity, the bonds would be taxable. Taxable bonds would come with a higher cost that would be passed through to the member utilities through Power Purchase Agreements. Also, excess power could be sold by IAMWind members into the grid without regard for whom purchases it and at what price. For the bonds to be tax-exempt, all the power produced must be sold to utilities qualified to issue tax-exempt bonds, which would severely limit the sale of excess capacity and likely increase the total cost of power for IAMWind members. The actual capacity that would be added to Ames' system would be much less than that, which is important due to the addition 15% capacity over peak that the City must maintain. This structure may need to be backed by the City's G. O. bonding capacity, which would also raise a number of legal questions as a number of the City's taxpayers reside outside of the Utility's service area.

Council Member Popken asked what the minimum Megawatt measure was needed before the Project would be built. Ms. Lundt stated that 70 - 72 MW was the minimum. SIMECA, Cedar Falls Utilities, and the City meet the 72-MW test; approximately two-thirds of the output would be consumed by those three entities. A number of other smaller utilities are also now members of IAWind; those entities do not have bonds rated before they sell them. Also, the South Iowa group (SIMECA) has now indicated that they might not be able to take power for five years. Ms. Lundt noted that, if tax-exempt bonds are sold, 90% of the power generated must be flowing to an organization that is authorized to issue tax-exempt bonds; that means municipal groups or the state. She further explained that, if SIMECA is not able to take power for five years and the power were sold into the grid, that disallows IAMWind from tax-exempt bonds because the power is not able to be traced once it goes out into the grid.

Ms. Lundt said that it was important to note that should the City commit to revenue bonds to help finance the Ridgeport Project, it would require a commitment of all revenues of the Ames Electric Utility as well as a commitment to raise rates to customers to repay the Bonds regardless of the success of the IAMWind Project. The bond issuance would also reduce the ability, and increase the cost, to issue bonds to meet new emission standards to extend the life of the City's base load generating capacity as planned in the current CIP. Also, the City might be required to be responsible for the obligations of other participants in IAMWind that are unable or unwilling to sell their portions of the Project's financing requirements. City Manager Schainker indicated that this would be very dangerous for the City of Ames. He noted that this represents a much higher level of financial commitment and risk than contemplated when the City agreed to continue with Phase II of this Project. Part of that Phase II Agreement was that a private partner would be found, and Mr. Schainker indicated that he hopes that the IAMWind group stays on that path.

City Manager Schainker recalled that when the City entered into the Participation Agreement, it was believed that the City bought a specific scope of service (Phase II), which was going to prove the feasibility of a concept where a private entity would build the facility and be financed through purchase power agreements with all the entities. It was believed that perhaps after 15 years or so, it could be "flipped" (the ownership would shift to the IAMWind partners for a pre-determined price). Mr. Schainker said that he is now concerned that there might not be a private group interested in building this facility, and the IAMWind group is contemplating financing the Project.

Mr. Schainker reiterated that direct issuance of debt by the City to fund the IAMWind Project would substantially raise the level of risk for significant future rate increases for City of Ames ratepayers. It is staff's belief that a taxable bond issue by a private entity would be the best alternative for funding the IAMWind Project.

Ms. Lundt described “back-stop” financing; two of the member cities have AA bond ratings (or above), and that General Obligation (G.O.) debt could be used as a “back-stop.” Ms. Lundt advised that City representatives have made it clear to the rest of the IAMWind participants that, under no circumstances, would the City of Ames agree to issue G. O. Bonds for this project. She indicated that IAMWind will continue to pursue an equity partner for the Ridgeport Project. Ms. Lundt indicated that costs to Ames ratepayers through a future power purchase agreement are likely to be higher than originally anticipated due to the higher cost of financing. She said that a positive side is that the “freezing” of the equity markets has resulted in the cancellation of a number of wind projects, and turbines are more available than they were a year ago at a slightly better price.

Council Member Larson asked if the City should cease to provide any further funding until that “flip” partner is found. Ms. Lundt indicated that the City will have to be very sure where its funds are going before they will be released. She said that there are four possible private funders, and one of those does produce turbines.

REQUESTS FOR ALTERNATIVE ENERGY PROPOSALS: Assistant City Manager Lundt indicated that now is the time to be looking for alternative energy, not only wind power. She said that the City’s need for additional energy in the future remains, despite the gains being made through the Demand Side Management Program. A ten- to twenty-year agreement is desired that will ensure a minimum of 10 MW and a maximum of 30 MW.

Brian Trower, Assistant Director of Electric Services, advised that the City is looking for a Purchase Power Agreement with a site that currently exists or is so committed that it definitely will exist. He noted that whether the Ridgeport Project comes to fruition or not, diversifying the City’s energy portfolio with energy obtained through the Request for Proposal (RFP) process is very advantageous.

Moved by Goodman, seconded by Rice, to direct staff to proceed with a process to solicit Requests for Proposals to be due on May 28, 2009, for renewable energy that provide a minimum of 10 MW of energy and a maximum of 30 MW in a Power Purchase Agreement structure.
Vote on Motion: 5-0. Motion declared carried unanimously.

The meeting recessed at 9:08 p.m. and reconvened at 9:13 p.m.

REPORT ON AMES MUNICIPAL UTILITY RETIREMENT PLAN: City Treasurer Roger Wisecup stated that the participant review board was formed to monitor, review, and evaluate on a continuing basis the performance of the Ames Municipal Utility Retirement Plan and report annually to the City Council. He said that the Board met with the Relationship Manager and Investment Analysis from Vanguard in February 2009, and information was provided that demonstrated that the fee structure and investment return performance are highly competitive. The Utility Retirement Advisory Board accepted the review and contents of the Vanguard presentation and recommended that the relationship be continued. Mr. Wisecup asked for the City Council’s acceptance of the report.

Moved by Popken, seconded by Doll, to accept the report from the Utility Retirement Advisory Board.
Vote on Motion: 5-0. Motion declared carried unanimously.

URBAN REVITALIZATION COMMERCIAL CRITERIA: City Planner Jeff Benson recalled that the Commercial Criteria for designating an Urban Revitalization Area (URA) and Plan were

established in 1999 so that the City Council could administer the Urban Revitalization Program on a case-by-case basis. He pointed out that no URA and/or Plan has been approved by the City Council under the existing Commercial Criteria. Due to the apparent lack of interest in the existing program and the difficulty in interpreting some of the current criteria, staff believes that the Program requirements should be revised.

According to Mr. Benson, the City Council purposefully created the Commercial and Multiple-Family Urban Revitalization Programs with some flexibility in order to work with developers to accomplish two objectives: (1) improve persistently undeveloped and under-developed properties, and (2) encourage more substantial exterior materials, more landscaping, more efficient parking.

Mr. Benson advised that an application had been received to designate 400 South Duff Avenue and 205 Southeast 5th Street as a Commercial Urban Revitalization Area. The project involves demolishing existing buildings in the floodway fringe that do not conform to the floodplain zoning requirements. Because the Urban Revitalization Program was established ten years ago and has never been applied, staff is suggesting that the City Council consider changing the underlying policy and the criteria before considering that application.

Mr. Benson reviewed the criteria that must be met before the designation of a Commercial Urban Revitalization Area may be designated. As the Program is currently configured, projects that meet one of the “Required” criteria (Slum and Blighted or Underutilized) could qualify for the Program. Without revisions, it is likely that many commercially zoned properties could meet one of the criteria. However, according to Planner Benson, compliance with the “Optional” criteria could be challenging for many projects. The “Optional” criteria were described as Under-Represented; Design Standards; Landscaping, Signage, and Parking. Mr. Benson believes that structured parking is not financially feasible for most commercial projects because its initial and ongoing costs would be far more than the cost of additional land needed for the same parking in surface parking lots.

City Manager Schainker advised that the Council needs to determine what it considers important in the redevelopment of commercial properties. Council Member Larson suggested that any proposed project could be presented to the City Council and it would decide each project on its own merits based on a certain set of goals.

Moved by Goodman, seconded by Popken, to terminate the Commercial Urban Revitalization Program.

Council Member Goodman said that he made that motion because he believes that the South Duff corridor has been redeveloped successfully without incentives or abatements.

Steve Scott, 1701-48th Street, Suite 111, West Des Moines, Iowa, indicated that he is part-owner of the property located at 205 Southeast Fifth. He respectfully disagreed with Council Member Goodman in that he sees many properties in the floodway fringe of the South Duff corridor that are not economically redevelopable without financial assistance to make those more valuable to the City. Mr. Scott said Ames has the potential to become more of a regional retail center and noted that retail leakage results in a loss of taxable assessed valuation and sales tax revenue. He indicated that Ames is losing significant revenue to communities such as Ankeny and Altoona.

Chuck Winkleblack, 105 S. 16th Street, Ames, pointed out that the redevelopment project at 3503 Lincoln Way was a great success. It met the criteria – slum and blighted and underutilized, and the developers spent over a million dollars to do an infill project in the commercial area. He asked the

City Council not to terminate the Commercial Urban Revitalization Program, but rather send it back to the staff for refinement, as he sees the Program as a useful tool that results in a positive for the community. Mr. Winkleblack also cautioned about adding so many restrictions and/or criteria that it stops redevelopment.

Noting several vacant unkempt buildings, Council Member Larson said that he does not see South Duff as an attractive area. He believes that the City may have to offer incentives for redevelopment of certain areas, and he does not want to lose that tool.

Council Member Goodman indicated that he sees abatement as the City giving money for development that will occur anyway. He thinks that there are developers who merely take advantage of the incentives or abatement. Council Member Doll stated his opinion that the project at 3503 Lincoln Way probably would not have been possible without abatement, and its redevelopment has had a very positive impact.

Vote on Motion: 2-3. Voting aye: Goodman, Popken. Voting nay: Doll, Larson, Rice. Motion failed.

Moved by Rice, seconded by Larson, to direct staff to prepare a new Commercial Urban Revitalization Program addressing all issues for required and optional criteria for City Council consideration before designating any new Commercial Urban Revitalization Areas.

City Manager Schainker stated that this will have to be added to the workload of the planners; it could take several months.

Vote on Motion: 3-2. Voting aye: Doll, Larson, Rice. Voting nay: Goodman, Popken. Motion declared carried.

601 SOUTH 16TH STREET: Planning and Housing Director Osguthorpe advised that Scott Randall has an opportunity to sell five acres of land in the vicinity of South 16th Street and has requested to amend the Future Land Use Map designation for the site. The site is currently zoned as Medium Density Residential. Mr. Randall is requesting to place a Community Commercial Node at the site.

According to Mr. Osguthorpe, the LUPP designation for the site was changed from Highway Oriented Commercial (HOC) to Medium-Density Residential by the City Council in 2004. After rezoning, the property owner received approval for “Aspen Ridge,” a Planned Residential Development, which provides for 62 bi-attached residential units. Since 2004, only 14 of the 62 units have been built, five of which are owned by the developer.

In reviewing this request, staff considered applicable goals and policies of the City’s LUPP. Mr. Osguthorpe reported on the staff’s findings regarding the goals as they pertain to the amendment being requested. It was emphasized that Goal No. 4 – Sense of Place and Connectivity might be the most applicable goal for the Council to consider for this request. According to Mr. Osguthorpe, a sense of place is difficult to measure when considering only one property, but when considering multiple properties collectively, the sense of place can be seen.

Mr. Osguthorpe advised that designating the area in question as HOC would provide more predictability over how much land might ultimately be rezoned for commercial use than a CCN land use designation would provide. He said that the placement of a CCN land use designation is not site-specific, rather it identifies a proximate area that might be appropriate for a CCN zone. The

placement of a CCN land use designation could prompt further rezoning requests beyond the bounds that Randall Corporation is now requesting.

Also, Mr. Osguthorpe noted that the request to change the land use designation back to Commercial might provide an opportunity for the City to work with the developer on maintaining and building community identity and spirit. The challenge for the City would be to consider whether this land use change presents a conflict in adjacent uses that cannot be mitigated without additional restrictions, e.g., buffering, building scale, architectural design, and building placement, that the applicant would agree to by special covenants.

It was reported by Mr. Osguthorpe that the Planning and Zoning Commission heard this request at its meeting of April 15, 2009. With a vote of 4-1, the Commission recommended that the City Council change the designation from Medium-Density Residential to Highway-Oriented Commercial for the site at 601 South 16th Street with no limitations in permitted land uses or the addition of requirements for transitional landscaping, architectural context, or scale.

Issues for the City Council to consider were presented by Director Osguthorpe, as follows:

1. The City has already experienced degradation of some neighborhoods that directly abut commercial zones or development, e.g., the South Lincoln Way Neighborhood. The long-term viability of 22 residential properties that will be sandwiched between two commercial areas should be carefully considered.
2. The Randall Corporation's office parking and town homes, in combination with the apartment buildings and vacant high-density residential to the west, provide a good transition between more intense commercial development to the east and the manufactured home park to the west.
3. The Randall Corporation has emphasized that the quality of its materials, construction, design, and landscaping always far exceeded the City's minimum requirements. However, staff suggests that such personal standards may be different for future owners, and reliance on a higher level of design to mitigate impacts on the surrounding area can only be ensured by codifying the standards.

Matt Randall, 420 S. 17th Street, Ames, indicated that if this request were just for construction of a hotel, they would not be here as any such building would have been built on Dayton. He indicated that the project in question is an extended-stay hotel intended for professionals who will be in Ames for a longer period of time. This would be an apartment-style building for professionals needing an extended-stay location who prefer to be next to a golf course. Mr. Randall referenced projects done by his father, Scott Randall, in the past and his insistence on quality. According to Mr. Randall, the project in question would be a \$10 million development to be taxed at a commercial rate.

Council Member Larson recalled that there would be some land remaining that is adjacent to the site in question. He asked if there were any plans for development of that land. Mr. Randall stated that it is unknown at this time; however, it will not be used for a car lot or a Casey's; there might be a restaurant. Mr. Randall pointed out that the golf course is zoned Highway-Oriented Commercial.

Council Member Rice asked how long it would take for staff to come back to the City Council with specific restrictive requirements for a LUPP amendment that describe any use limitations and additional development standards. Director Osguthorpe advised that the request would have to be heard again by Planning & Zoning Commission, and the restrictive requirements would take

approximately two to three weeks to prepare. Council Member Larson pointed out that the sign indicating a LUPP change was being requested has been posted on the site for some time, and no persons have come forward indicating any issues.

Moved by Goodman, seconded by Doll, to adopt RESOLUTION NO. 09-176 approving a Land Use Policy Plan Future Land Use Map Amendment to place the designation of Highway Oriented Commercial (HOC) for 601 South 16th Street without any additional restrictions or requirements.

Council Member Rice indicated his preference for approving a modification of the original request from the property owner to change the LUPP designation for 601 S. 16th Street to HOC with specific restrictive requirements. He sees this as an entryway to the City and the residential area needs buffering. Mr. Rice also noted that the current owners might not always own the property.

Roll Call Vote: 4-1. Voting aye: Doll, Goodman, Larson, Popken. Voting nay: Rice. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these minutes.

ORDINANCE ASSIGNING WARDS AND PRECINCTS TO ANNEXED AREAS AND CORRECTING BOUNDARY DESCRIPTIONS: City Attorney Marek advised that the Ordinance in question is a major rewrite of the descriptions of the boundaries of the wards and precincts, but it does not change the physical boundaries.

Moved by Rice, seconded by Goodman, to pass on first reading an ordinance assigning Wards and Precincts to annexed areas and correcting boundary descriptions.
Roll Call Vote: 5-0. Motion declared carried unanimously.

ORDINANCE INCREASING ELECTRIC UTILITY RATE: Mayor Campbell indicated that she had received a request from a person wishing to speak. Although it is not usually allowed on second reading, Ms. Campbell said that she would allow the person to speak.

Moved by Goodman, seconded by Popken, to pass on second reading an ordinance increasing the electric utility rate by 5% and increasing the power factor adjustment from 85% to 90% effective July 1, 2009.

Ken Kruempel, 2519 Timberland Road, Ames, indicated that he was not opposed to the rate increase as it appears to be quite nominal based on other utilities. He noted that Alliant has notified its customers that residential customers will ultimately see an 18% increase, and its rates are already 25% higher than in Ames. Mr. Kruempel did request, however, that the Ordinance language be more descriptive as to the power factor adjustment so that it can be more easily understood. It should be further defined and explained as to whom it applies and how it is measured.

Council Member Goodman asked if the process is defined somewhere else in the Municipal Code. Assistant Electric Services Director Trower said that the Ordinance is only found in one area of the Code. He agreed that the power factor adjustment is loosely defined.

Finance Director Pitcher advised that all customers to be affected by the power factor adjustment are notified.

City Manager Schainker recommended that the rate ordinance be adopted so that it is in place by July 1, 2009, and then be brought back for refinement of the power factor adjustment.

Mr. Kruempel stated that he agreed the Ordinance should move forward now, but be modified later to include a better description of the power factor adjustment.

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

ORDINANCE INCREASING WATER RATES: Moved by Goodman, seconded by Doll, to pass on second reading an ordinance increasing water rates effective July 1, 2009.

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

ORDINANCE INCREASING STORM SEWER RATE: Moved by Goodman, seconded by Popken, to pass on second reading an ordinance increasing the storm sewer rate effective July 1, 2009.

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

ORDINANCE ESTABLISHING PARKING REGULATIONS ON WAKEFIELD CIRCLE AND HYATT CIRCLE: Moved by Goodman, seconded by Popken, to pass on second reading an ordinance establishing parking regulations on Wakefield Circle and Hyatt Circle.

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

COMMENTS: Moved by Popken, seconded by Goodman, to refer to staff the letter from the Ames Convention & Visitors Bureau dated April 3, 2009, regarding funding for a feasibility study to assess the impact of current and future demands for meetings and conventions.

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

Moved by Popken, seconded by Goodman, to refer to staff the letter from Iowa State University dated March 30, 2009, pertaining to building a HUD 202 project to serve as a research-demonstration center.

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

Moved by Popken, seconded by Rice, to refer to staff the letter from the Main Street Cultural District (MSCD) requesting electrical improvements be made in Bandshell Park.

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

Moved by Popken, seconded by Rice, to refer to staff the letter dated April 20, 2009, from Attorney Victoria Feilmeyer regarding off-street parking for 1010 Dickinson Avenue (the new ISU basketball practice facility).

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

Council Member Larson noted that the "One Community" event held on April 24 at Fire Station No. 2 was very well done and worth the City's investment.

Moved by Goodman, seconded by Popken, to direct staff to look at the storage of items, junk, and debris at old Ames Middle School and report back to the Council.

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

Moved by Goodman, seconded by Popken, to direct staff to look at other ways to create multi-modal access when constructing an arterial street.

Council Member Larson indicated a desire for the City to construct a sidewalk under an assessment agreement on two-lane arterials.

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

Ex officio Keppy asked for the Council members to email him any comments they might have on VEISHEA or the One Community event.

ADJOURNMENT: Moved by Doll, seconded by Goodman, to adjourn the meeting at 10:45 p.m.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor