

# MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

OCTOBER 29, 2013

Mayor Ann Campbell called the Special Meeting of the Ames City Council to order at 7:00 p.m. with Jeremy Davis, Matthew Goodman, Jami Larson, Peter Orazem, Victoria Szopinski, and Tom Wacha present. *Ex officio* Member Alexandria Harvey was also present.

Mayor Campbell announced that the Council would be operating from an Amended Agenda. The additional item was approval of Change Order No. 1 for Unit 8 Generator Repairs/Re-Wedging Stator.

## **ENCROACHMENT PERMIT FOR MARRS WEALTH MANAGEMENT, 313 FIFTH**

**STREET:** Moved by Davis, seconded by Wacha, to approve an Encroachment Permit for a canopy at Marrs Wealth Management, 313 Fifth Street.

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

## **CHANGE ORDER NO. 1 FOR UNIT 8 GENERATOR REPAIRS/RE-WEDGING STATOR:**

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 13-493 approving Contract Change Order No. 1 to Generator & Motor Services, Turtle Creek, Pennsylvania, in an amount not-to-exceed \$68,000 for Unit 8 Generator Repairs/Re-Wedging Stator.

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

## **STAFF REPORT ON FLOOD MITIGATION ALTERNATIVES:**

Water and Pollution Control Director John Dunn told the Council that the alternatives that would be presented at this meeting were not new. They were the same alternatives presented to the Council on April 16, 2013; however, they had now been “packaged” in some combinations that made logical sense to the consultants and staff. Mr. Dunn reviewed the process that staff had followed since July 2012 when the Council entered into a Professional Services Agreement with HDR to develop a flood mitigation strategy. He specifically noted the extensive public involvement process that had occurred. Director Dunn provided conclusions that had come from the hydrologic and hydraulic mapping and modeling done by HDR. He quoted the direction given to staff by the City Council on April 12, 2013. At that meeting, staff had specifically been directed to come up with alternatives that included a combination of the most-beneficial upstream flood storage strategies and levees.

The three combination alternatives were defined as follows:

1. Combination Alternative 1: Lengthen Highway 30 Bridge and Reshape Squaw Creek Channel. This alternative combines two discrete elements: (1) lengthen the US Highway 30 Bridge over the South Skunk River and (2) make improvements to the shape of the Squaw Creek Channel immediately upstream and also downstream of the South Duff Avenue Bridge.

The construction cost estimate is:	\$ 4,720,000	Reshaping
	<u>7,740,000</u>	Bridge
	<u>\$12,460,000</u>	Total

Benefit/Cost Ratio: 3.50

The improvement to the US Highway 30 Bridge was modeled as a 430' extension of the west of the existing bridge deck. When the City rebuilt SE 16<sup>th</sup> Street, the portion to the west of the Skunk River was intentionally designed to go under water in a flood event that exceeds the 2% chance ("50 year" flood), and no additional modification to SE 16<sup>th</sup> Street would be needed. According to Mr. Dunn, staff had discussed the likely timing for this bridge lengthening project with the Iowa Department of Transportation. The bridges on US 30 were constructed nearly 50 years ago in 1964, and at this time, they are not scheduled for replacement in IDOT's current Five-Year Program and IDOT does not have a formal long-range plan for bridge replacements. Given the bridges are 50 years old, IDOT reported that they would likely replace the structures within the next 20 years. At the time of replacement; however, IDOT does plan on lengthening the structures. While the actual configuration of the structures will depend on studies conducted at that point in time, the IDOT currently envisions that the structures would be lengthened approximately 400 feet to the west.

Mr. Dunn stated that the second element, channel modification, involves reconstruction of the Squaw Creek Channel into a more hydraulically efficient trapezoidal cross-section. This modification would extend approximately 2,000 feet upstream and also downstream of the South Duff crossing over the Creek. This alternative would have a pronounced impact on the 1% chance ("100-year" flood) elevations in the immediate vicinity of South Duff Avenue, lowering the water surface elevation by an estimated 1.4 feet. But the benefit would fall off rapidly upstream, with little to no impact realized at Lincoln Way. However, Iowa State University and CyRide have already undertaken significant mitigation measures for structures in this area.

2. Combination Alternative 1 Variation: Lengthen Highway 30 Bridge and Remove Vegetation from Squaw Creek Channel

Construction Cost Estimate:	\$ 2,940,000	Clear Vegetation
	\$ 7,740,000	Bridge
	<u>\$10,680,000</u>	Total

Benefit/Cost Ratio: Not Calculated

Director Dunn advised that this alternative was not evaluated by the consultant; thus, no Benefit/Cost Ratio was determined, but staff wanted to offer a possible variation to Combination Alternative 1. This variation would be to combine the US Highway 30 bridge lengthening with clearing vegetation along the Squaw Creek Channel in an approximately 300' wide swath (150' each side of the center of the channel), beginning at Lincoln Way and continuing downstream to the confluence with Skunk River. This work is anticipated to result in an approximate 2.1 foot reduction in the 1% chance ("100-year") flood elevation along this entire length of the Creek.

Mr. Dunn pointed out that this alternative offers a lower construction cost than Combination Alternative 1. The conclusion in the consultant's report that this option is "free of major environmental impacts" is based on there being no anticipated hurdles, such as threatened and endangered species, large contaminated parcels of land involved, wetlands that couldn't be easily mitigated, or insurmountable permitting requirements. According to Director

Dunn, staff believes that there could be negative feedback should this alternative be pursued simply due to the large quantity of vegetation that would be removed.

3. Combination Alternative 2: Lengthening Highway 30 Bridge, Reshape Squaw Creek Channel Plus Levees.

Construction Cost (with 100-yr Levees):	\$ 7,740,000	Bridge
	\$ 4,720,000	Reshaping
	<u>\$10,900,000</u>	100-yr Levees
	<u>\$23,360,000</u>	Total

Benefit/Cost Ratio: 1.85

Construction Costs (With 500-Yr. Levees):	\$ 7,740,000	Bridge
	\$ 4,720,000	Reshaping
	<u>\$13,000,000</u>	500-yr Levees
	<u>\$25,460,000</u>	Total

Benefit/Cost Ratio: 1.72

Director Dunn advised that this alternative includes both elements from Combination Alternative 1 paired with a levee system. Three individual levee walls are envisioned. One would start at Stuart Smith Park on the north side of Squaw Creek and run east, then cross South Duff Avenue and run north behind the Super Wal-Mart and Target properties, then cross East Lincoln Way and tie into the railroad embankment. A second levee would run on the east side of the Skunk River, starting at the railroad embankment and running south along the edge of the floodplain to Highway 30. A third small levee was included to protect the commercial establishments and mobile home park on Duff Avenue south of Squaw Creek. Mr. Dunn reported that the third levee had not been included in the options originally presented to the Council last April. Two different elevations were modeled for the levees. The first would construct levees to an elevation that is three feet above the updated 100-year flood elevation as calculated by the consultant. The second would construct the levees to an elevation that matches the 500-year flood elevation as calculated by the consultant.

Mr. Dunn reported that levees do not actually lower the elevation of flood waters; they simply keep the flood waters away from the protected properties. When levees are installed, some means of moving trapped storm water runoff from the protected side of the levee is needed. In this case, storm water pumping stations would be required to move storm water past the flood levees and into the rivers. These pump stations would be costly both to construct and to operate. According to Mr. Dunn, levees typically are not eligible for FEMA funding because they do not remove properties from the floodplain. If levees were to be considered, staff believes that it would be a good idea for the City to try to partner with the Army Corps of Engineers because it might have access to some funding. Mr. Dunn also said that levees are sometimes considered unsightly. However, to make them less so means an increase in cost.

The Council was told that, as a stand-alone alternative, both levee options have a Benefit/Cost Ratio (BCR) of less than 1.0, meaning that they are not cost-effective. When combined with Alternative 1, the levee options do have a Benefit/Cost Ratio of greater than

1.0, but result in a doubling of the capital cost for a comparatively small additional reduction in the Estimated Annual Damage Reduction.

4. Combination Alternative 3: Cost-effective Regional Storage.

Construction Cost Estimate: \$21,900,000

Benefit/Cost Ratio: 2.16

Mr. Dunn advised that this alternative does not build on either of the previous two alternatives; instead, it looks to slow the flow of flood waters by constructing two regional storage basins upstream. He pointed out that the Regional Storage Alternative presented to Council in April 2013 consisted of 14 regional storage basins, at an estimated construction cost of \$145,000,000. These consisted of a series of tributary detention and smaller main stem dams. Based on direction from the City Council, the consultants had reviewed this alternative to identify which of the individual storage basins contribute the greatest degree of reduction in flood levels experienced in Ames.

Combination Alternative 3 includes just two storage basins. One would be located on Skunk River north of Ellsworth and one would be located on Squaw Creek just outside the Ames city limits. This alternative would provide the greatest Estimated Annual Damage Reduction of any of the Combination Alternatives. The recommended placement of the Skunk River basin would not increase the flooding potential for any other communities; in fact, it would provide increased protection for Ellsworth and Story City as well as Ames.

According to Mr. Dunn, while having a comparatively high construction cost estimate, it still has a Benefit/Cost Ratio of 2.16, significantly greater than 1.0. Not factored into the economic evaluation were potential recreational benefits such structures may offer. However, the multi-jurisdictional nature of this strategy would significantly lengthen the time required to fully implement it. While the consultant's report notes that this has smaller environmental impacts than the larger storage options, it could have a substantial impact on Onion Creek. A previous study performed by the City as a part of a sewer routing study noted this as high quality woodlands, and the Council could anticipate possible negative feedback should this alternative be pursued due to the impact on Onion Creek.

Mr. Dunn brought the Council members' attention to a summary of the Combination Alternatives that had been included as part of the staff report.

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Regulatory Alternatives. Planning and Housing Department Director Kelly Diekmann presented the current regulations of the City's Floodplain Ordinance. He listed possible further prohibitions and regulations that the Council might want to consider in addition to the engineered alternatives. If the Council was interested in discussing Floodplain Ordinance modifications, it was suggested that staff be directed to bring the subject back to Council in a workshop setting.

Funding Considerations. Director Dunn presented the most frequently used funding sources for flood mitigation projects. He emphasized that the availability of grant funding and grant eligibility requirements can vary from year to year.

1. Flood Mitigation Assistance Grants (FMA) - a FEMA Grant Program. The usual criterion is that the proposed project must provide a benefit for repetitive loss properties. This past year a requirement was included that at least some of the benefitted properties had to be flood insurance policyholders. This program has no maximum dollar cap on the grant award and provides a 75% federal share and a 25% local match.
2. Pre-Disaster Mitigation (PDM) Grants - a FEMA Grant Program. This Program is intended for both hazard mitigation planning and the implementation of mitigation projects prior to a disaster event. This grant program has a \$3,000,000 cap and also provides a 75% federal share and a 25% local match.

Mr. Dunn advised that the federal funding cycle typically begins in May when communities would learn for sure what dollar amounts are available and how the grant awards would be determined. The submittal deadline for applications is usually mid-October. Communities then would learn in December if their application was successful; and if so, the funds are generally available by February.

3. Local Matches. Local matching funds can come from any source other than the federal government.
4. Eligible Projects. Both grant programs define eligible applicants as including states, local governments, and Indian tribes or tribal organizations. It is not yet clear whether either of these two programs could be used to help fund the improvements to the Highway 30 bridge, as it is a federal highway. Mr. Dunn said that an inquiry had been made to the Regional FEMA office to see how a grant application that included the bridge project might be viewed.

Director Dunn stated that FEMA grants are intended to be one-time projects that reduce the potential for future emergency assistance. As such, applications for projects that are viewed by FEMA as being “routine maintenance” would likely have a low likelihood for success. For example, the suggested alternative for clearing vegetation from the Squaw Creek Channel could be determined to be “routine maintenance.”

5. Properties Eligible for Protection. FEMA would generally restrict its funding to improvements that project to the current effective FEMA 100-year flood. Should a community desire to protect to a level beyond that, supplemental funding sources would be needed.

Director Dunn added that if any of the projects could be packaged in a way that would provide source-water protection for drinking water, there would be an opportunity through the State Revolving Fund to get funding at 0% for 20 years.

Council Member Larson asked if there would be any Department of Transportation federal funding available for the bridge that would not involve FEMA. Mr. Dunn said that one possibility is that Iowa DOT has stated that it would like to do that project, but it does not appear in its immediate planning horizon. One approach would be to do the conveyance improvements and wait for the DOT to bring the project forward. Another option would be for the City to try to encourage them to accelerate it by bring in some City funding. It was stated by Mr. Dunn that the federal programs exclude federal infrastructure from the FEMA grants, but because it is a

U. S. Highway that is being managed by the state, there is a little bit of a gray area. Mr. Dunn reiterated that staff did ask the Regional Office and were told no, but they are not completely convinced yet. Staff hopes to have more discussion.

In reviewing potential next steps, Mr. Dunn advised that the one that appeared to be the most attractive to staff was the Combination Alternative 1 (Highway 30 Bridge Extension and Reshaping of the Channel). The reasons for that determination were that it is a more permanent solution than the clearing of the vegetation, the disturbed area would be much smaller than some of the other alternatives (lesser environmental impact), and the reshaping portion does appear to be eligible for some FEMA funding.

Council Member Szopinski recalled that one of the concerns of the Council was that whatever option was chosen, it should not further injure those who live south of Ames. Mr. Dunn noted that part of doing the conveyance improvements on Squaw Creek and not simultaneously on the Skunk River is to disrupt the timing of the peak on the two rivers. He explained that if the conveyance capacity is increased on Squaw Creek, you can allow the peak, which generally comes through a little quicker anyway, to move through and not have the coincident peaks coming from the two rivers. By doing so, there should not be a significant difference in the downstream flood elevations caused from the conveyance improvement.

In terms of timing of whatever alternative is chosen, Director Dunn told the Council that staff should start pursuing the grant in the next fiscal year (2014 cycle). The likely cost for preparing the grant application would be in the range of \$75,000 - \$100,000 to prepare everything that FEMA would require. Construction would likely not be able to move forward until the third year of the Capital Improvements Plan (CIP). The first year would be needed just to secure the funds, and there would be some period of time needed for design work and permitting.

Upon being questioned by Council Member Goodman about the Benefit/Cost Analysis ratio, Water Resources Engineer Andy McCoy from HDR replied that the amount of benefit is across all of the potential flood events (the 50% annual chance) all the way to 1%; however, it encompasses a whole range. The actual Benefit/Cost ratio takes into account all the probability of flooding at that particular location. The Benefit/Cost ratio compares capital cost and the maintenance of a project on an annual basis to the expected annual benefit.

Mr. Dunn added that an important next step would be for the City to attempt to encourage the Iowa DOT to accelerate the project on Highway 30. Another step would be to partner or work with the Squaw Creek Watershed Management Authority on the Regional Storage option.

Assistant City Manager Bob Kindred advised that the City was a founding member of the Squaw Creek Watershed Management Authority. Recently, the Authority received a \$160,000 grant to initiate a strategic plan (pertaining only to Squaw Creek, not the Skunk River). Mr. Kindred said that most of the projects that were contained in the report presented at this meeting dealt with projects in and around Ames; however, the water comes from upstream and throughout the Watershed. Therefore, working with the partners in the Watershed Management Authority would present the greatest long-term opportunity to make a significant difference in the Squaw Creek Basin. He added that this is not a "quick fix" - it might take decades or even generations to accomplish. As land management practices change and evolve, education occurs, and as agencies that make up the Watershed Management Authority work together, there could be a significant impact made upstream and affect what is reaching Ames.

Director Dunn stated that another potential next step would be for the Council to direct staff to schedule a workshop to review some of the non-structural more-regulatory-types of controls on floodplain management.

City Manager Schainker advised that the City Council was not being asked to make any decisions at this Workshop. The earliest date that this would come back to the City Council would probably be the second Regular Council Meeting in November.

Council Member Szopinski called attention to a letter that the City had received from Story Soil and Water Conservation District. She believes that it speaks to long-term land management.

Council Member Goodman noted that another alternative would be to do what the City currently does and that is to allow private property owners to ensure their properties against losses and to take the public's focus on making these investments.

Mayor Campbell noted, for the record, that a letter had been sent by Douglas Doolittle, 55238-130th Street, Story City, Iowa, who was unable to be present at this Workshop. Mr. Doolittle listed the location of farmland that he owns in Story and Hamilton Counties and asked that the City of Ames reconsider blocking any of the water passages (Skunk River, Kegley Branch Creek) that impact his farmland..

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Public Input. Erv Klaas, 1405 Grand Avenue, Ames, said that he had waited 13 years to say, "I told you so." He explained that, in April 2000, he asked for the opportunity to speak before the City Council for 45 minutes on the subject of relocating the floodway boundaries on the Squaw Creek and Skunk River. Mr. Klaas said he argued in 2000 for a wider floodway than what had been established. According to Mr. Klaas, the City had the opportunity at that time with FEMA funding to remove 17 businesses from the Duff Avenue Corridor because they were in the way of flood storage. Cherokee, Iowa, had, at a relatively low cost, moved 135 residences and businesses from the floodplain of the Little Sioux River. Ames was not willing to do that – the political will was not there and the business community fought it. Mr. Klaas pointed out that today most of the businesses that could have been moved in 2000 are gone. They have been replaced with bigger box stores and other structures.

Mr. Klaas referenced the ordinance adopted by the City to require that the buildings be raised three feet above a 100-year floodplain, but reminded the Council that the climatologist who participated in the workshop told the City that it could expect another 30% increase in rainfall after the previous 30 years had increased by 10%. That has held true, and the City experienced floods in 2008 and 2010. Mr. Klaas alleged that the City is spending millions of dollars for things that could have been avoided for a relatively low cost in 2000. According to Mr. Klaas, cities all over the country have invested in their watershed when they have to have protection for some reason, be it flooding or drinking water. Referring to the amount of money referenced in the Flood Mitigation Study (\$23 million), Mr. Klaas believes that re-engineering the watershed in combination with conservation practices would do wonders for Ames and be less-costly.

Mr. Klaas expressed his disappointment that the consultants did not discuss the results of the Study with the Soil and Water Districts that manage the land in the watersheds. He noted that drainage districts are installing bigger pipes and farmers are installing larger tiles, both of which bring more water to Ames. It was recommended by Mr. Klaas that the City work with the

Drainage Districts, Soil and Water Conservation Districts, and Natural Resource Conservation Service in order to bring about a solution. Mr. Klaas cautioned the City about building reservoirs. He thinks the City should have evaluated a number of small dry basins – maybe 100 or 200 - to see what that would accomplish.

Mike Jensen, Mayor of Story City, stated that his community has a vested interest in what the City of Ames does on this subject. He advised that the City of Story City would adamantly oppose anything that would back water up into his community anymore than it already does. Mr. Jensen pointed out that, at one of the public meetings on this subject, it was brought up that the fill dirt that Ames has allowed to be brought in along Hwy. 30 has actually raised the flood level two and one-half to three feet along South Duff. Mr. Jensen said it appeared that the dirt should come out if the City was planning to build a longer bridge.

Dinah Kerksieck, 621 Garden Road, Ames, said that she was concerned by the comments of the presenters concerning taking the fill dirt being put into the properties in the floodplain “instance-by-instance.” As she sees the new businesses on South Duff adding fill dirt, she is wondering what happens when the “last gap gets filled” on the corner of South 5<sup>th</sup> and Duff Avenue. In her opinion, instead of a floodplain, there will be a dam of consecutive raised places with a few gaps where the water rushes through. She asked that the Council consider that a property-by-property decision may not be the best way and that there possibly should be changes to the regulations for the properties in the floodplain.

Karl Miskel, Story City, said that he had heard that, a few years ago, the Ames City Council had stated that it was not going to allow properties to infringe on the floodplain anymore. Then a new group came in and “look what it has done.” Mr. Miskel believes that they brought on their own troubles. According to Mr. Miskel, tiling won’t do that much to slow down large amounts of water. He said that he had been on the State Soil Conservation Drainage Committee for several years and shared outcomes from some of the decisions made. Mr. Miskel noted that silt stair-steps. He believes that the City of Ames is going to run into trouble because if farms are ruined, those people are eventually going to sue Ames. He asked the Council to think about what it is doing.

Jim Dresser, Ames, asked if a study had been done on what it would be like if Ames had a 100-year flood if any of the alternatives being presented by the staff were followed. Specifically, he asked how much property would be flooded if Alternative 1 was chosen. Water and Pollution Control Director Dunn explained that that Alternative would be lowering the flood elevation so it would mean fewer properties would be flooded than what is currently being inundated at that same level. Mr. Dresser said that he lives on the west end of the mobile home park on South Duff, and in 1993, the park had no water come through it; in 2008, the water came in on the east side; and, in 2010, he had one and one-half feet up on the curtain of his mobile home. He emphasized that it was important for him to know how much water he could expect to have around his property when it floods again. Mr. Dunn pointed out that the purpose of all the alternatives is to reduce the amount of property that is being impacted. Mr. Dresser acknowledged that, but said he wanted to know how much of a reduction there would be.

Piper Wall, 912 Park Avenue, Ames, said that she has an interest in the property at 811 S. Duff as it is her husband’s shop. Ms. Wall reported that reducing vegetation is pretty hard on the health of a stream. From the search that she had performed on various studies, she has learned that over the long haul, channelization, cleaning vegetation, and the things that go with



urbanization and decreasing permeability of surfaces actually increases flooding. Ms. Piper said, for those reasons, she does not see those as being a good strategy. She had also found out that with decreased vegetation comes increased city heat and decreased air quality. Also, Ms. Wall noted that when the City allows increased elevation for a property, but not necessarily for the parking on a property-by-property basis, there is a direct impact on the neighbors to that property, especially because it determines where the water flows and the speed of the flow of the water.

City Manager Schainker clarified that staff, after an extensive review of the information, felt that the best engineering solution would be Alternative Combination 1, which is the re-shaping the Squaw Creek Channel and lengthening the Highway 30 Bridge. He noted that Council would need to make that decision and give direction to the Council at a future meeting.

Council Member Goodman recalled that actual data taken from the reading of gauges showed much higher elevations during major rain events prior to the developments. His understanding was that it was a combination of larger rain events and development.

Council Member Goodman also pointed out that City staff had spent approximately one and one-half years of time in attempts to get FEMA grants for previous flooding events, and none of those things proved successful. He asked what the chances are that Ames would actually receive FEMA grants. Director Dunn stated that you must prove repetitive loss. Representatives from the Regional FEMA Funding Office had told him that there actually had only been three applications filed during last year's funding cycle. All three were for planning studies; there were not any for actual construction. Mr. Dunn said he saw that to mean that there might be some untapped money for Ames. The amount of money that is available in any funding cycle varies from year to year, depending on the federal authorization; there is no guarantee that there will actually be any money available.

Council Member Orazem raised a question about whether it would be beneficial for the City to update its flood maps. The Council was told by Mr. Dunn that, while an updated Flood Frequency Analysis (FFA) was performed as a part of the Study, the scope of work requested of HDR did not include submission to FEMA for map revisions. The FFA did determine a statistical increase in the 100-year flood discharge flow of between 10 and 30%. A request to have the maps updated could have both positive and negative implications for the community. By increasing the size of the floodplain, additional property value could be considered when calculating the Benefit Cost Analysis for a project, which could increase a project's potential for FEMA funding. However, it could also increase the amount of property that becomes undevelopable in the future. Mr. Dunn stated that requesting a FEMA map revision is a time-consuming process; it would take multiple years..

Council Member Wacha pointed out that the Council has a very difficult decision to make regarding this issue. He believes that no matter what decision is made, there will be people who will not be happy with that decision.

Council Member Goodman noted that on the [iowafloodcenter.org](http://iowafloodcenter.org) page, there was the option to pick a flood event and then choose a remedy to see the impact. He asked if the three possible alternatives been added to that list of remedies. Mr. Dunn said that they had.

Council Member Szopinski was concerned that the Soil and Water Conservation District was not consulted as part of the engineering study. Options to include additional basins should be looked at by the Council. Those might not be solutions separately, but combined with the engineering solutions might bring Ames to the goal it hopes to achieve.

City Manager Schainker noted that staff had told the Council that regulation would not protect existing properties, but may help eliminate future problems.

Moved by Szopinski, seconded by Goodman, to direct staff to schedule a workshop on the regulatory issues.

Council Member Larson stated his hope that the study of the regulatory issues would not slow down the progress of making a decision on one of the alternatives.

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

Assistant City Manager Kindred added that there appears to be three initiatives involved: (1) engineered capital improvements, (2) regulatory aspect, and (3) watershed widening.

The meeting recessed at 8:31 p.m. and reconvened at 8:39 p.m.

**WEBFILINGS:** City Manager Schainker stated that WebFilings had announced its intention to add 700 jobs with salaries ranging from approximately \$56,000 to \$80,000 to the Ames community with the completion of its second 60,000 square foot building at the ISU Research Park. That complex will be designated as the company's corporate headquarters. The Iowa Economic Development Authority has agreed to provide \$5,500,000 in incentives to the company. However, a condition on that financial package is that the City of Ames must provide a tax abatement incentive totaling \$2,740,000 as a local match.

Mr. Schainker recalled that he had always cautioned the Council about offering incentives above and beyond its traditional incentives; however, he felt that if there is any project that is worthy of extraordinary assistance, this company would be it. The City has traditionally offered three partial tax abatement schedules (three-, five-, and ten-year decreasing abatement options) for projects within an urban revitalization area that meet prescribed criteria. With the recent passage of the "High Quality Jobs Act" by the Iowa Legislature, cities are now empowered to offer 100% abatement for up to a 20-year period.

City Manager Schainker described the terms of a prospective agreement with WebFilings, as follows:

1. Provide a 100% tax abatement on the incremental value of the improvement of the new building for up to \$2,700,000 or ten years, whichever comes first.
2. Require a minimum assessment agreement at a taxable value that will ensure the required abatement incentive is provide in at least ten years. The assessed value could be higher or increase over the term of the agreement, but could not go lower.

3. Include a requirement that the property owner cannot apply for or be eligible for other abatement programs during the term of the agreement for property included in the agreement.
4. A commitment that employment in Ames be increased by 700 full-time employees meeting the pay and benefits qualifications and time requirement (five years to meet target) in the IEDA Agreement.
5. A commitment that Ames be designated as the WebFilings company headquarters.
6. A provision that any abatement or reduction in property tax on the property covered by the agreement that is provided due to the provisions of the State of Iowa Property Tax Reform Bill of 2013 will be counted towards the maximum abatement amount.
7. The inclusion of penalty provisions that will provide for stopping of the property tax abatement if terms of the agreement (for example: job creation, continuation of operations within Ames, and designation of Ames as the company headquarters) are not met.
8. The requirement to pay pro rata penalties to the City of job creation numbers are not met (\$3,915 per job not created).
9. The Agreement will include other provisions typical of this type of incentive agreement.

City Manager Schainker advised that, if the Council agrees with the philosophy of the incentives, it would approve the suggested contract terms and direct the City Attorney to develop a contract. The contract would be presented to WebFilings for signature, and it would come back to the City Council for final approval, probably at one of the November meetings.

Council Member Goodman asked if the state had “clawbacks” in its agreement. Mr. Schainker answered that he had not seen the State’s agreement, so he was unsure if it did or not.

Council Member Orazem noted that if 700 jobs are added at the rate promised, the payroll would equate to approximately \$35 million/year. If each person only spends one-fourth of that in Ames, that would equate to approximately \$1.7 million in sales tax. He felt that the City was justified in offering an abatement to the company of \$270,000/year for ten years.

Mr. Schainker emphasized that the City is not giving cash incentives; it would be an abatement. In addition, there will be a building constructed that will have value. Council Member Goodman expressed his thoughts that offering the abatement was very reasonable based on the improvement and jobs that Ames would be getting.

Moved by Davis, seconded by Larson, to approve the contract terms suggested by City staff and direct the City Attorney to develop a contract that reflects the concepts.

Vote on Motion: 5-0-1. Voting aye: Davis, Goodman, Larson, Orazem, Szopinski. Voting nay; None. Abstaining due to a conflict of interest: Wacha. Motion declared carried.

**COUNCIL COMMENTS:** Moved by Orazem, seconded by Goodman, to refer to staff the letter from Attorney Brian Torresi, Davis-Brown Law Firm, pertaining to the Breckenridge property.

Council Member Orazem clarified that he would like staff to engage in negotiations regarding all three parcels and potentially looking at relaxation of the zoning requirements and including Development Agreement language that would protect the neighborhoods' concerns that were raised in former discussions.

Council Member Goodman stated that he would like to have conversation about the Breckenridge property, but would not be in favor of a carte blanche approval of everything in the letter from Mr. Torresi. Council Member Orazem agreed.

Council Member Larson noted that he would be uncomfortable doing anything other than supporting the referral to staff of the letter and asking staff to provide their input on it. Mr. Goodman agreed that conversation on this issue should be held at a future meeting.

City Manager Schainker asked for clarification as to the next step in this process. It would be brought back to the Council for review of the issues, not to begin negotiations. At that time, the Council might choose to provide direction to staff; it might lead into negotiations.

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

Moved by Davis, seconded by Goodman, to refer to staff the letter from Attorney Larry Curtis dated October 29, 2013, requesting that the Ames Golf & Country Club be removed from the City of Ames' Northern Growth Area.

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

Mayor Campbell thanked James Heggen, Ames Tribune reporter, for his coverage of City Council meetings for the past year. Mr. Heggen has announced that he and his wife have moved to North Liberty, and this is his Council meeting.

**ADJOURNMENT:** Moved by Davis to adjourn the meeting at 8:58 p.m.

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Diane R. Voss, City Clerk

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Ann H. Campbell, Mayor