

COUNCIL ACTION FORM

SUBJECT: AUTHORIZING THE EXERCISE OF OPTIONS TO ACQUIRE EASEMENTS ON THE PROPOSED ROUTE OF THE 161-kV TRANSMISSION LINE

BACKGROUND:

The City of Ames has determined that in order to improve electric service reliability for our customers, there is the need for an additional transmission line to connect to the regional electric transmission grid. Following years of system impact studies, a route study, and substation and transmission line design work, the City determined that the best route for an additional transmission line extends from Ames to Ankeny. This project has been underway since 2004.

On January 18, 2008, the City filed its most recent brief with the Iowa Utilities Board. A ruling on the City's franchise application (which is pending before the Iowa Utilities Board) is not anticipated until late March or early April. As you may recall, the City has obtained options to acquire easements for the location of transmission lines along the proposed route. Nine of the options to acquire an easement will expire during the months of February and March of 2008, in advance of the anticipated franchise decision of the Iowa Utilities Board. The cost of acquiring these easements is \$18,856 in February, and \$24,932 in March, for a total cost of \$43,788. These properties are south of Highway 30, and primarily along Interstate 35. There are, however, four properties of the nine that are within the area that the Iowa Utilities Board hearing officer recommended to be double circuited. The cost of these four easements is \$18,298 out of the total.

The next group of payments for easements will come due in April. Staff is anticipating that these options will not expire prior to the time in which the City expects to receive a decision from the Iowa Utilities Board.

ALTERNATIVES:

1. The City Council may authorize staff to exercise the Options to acquire the easements due to expire in February and March of 2008, in the amount of \$43,788.
2. The City Council may allow the easement Options to expire and direct staff to begin the process of securing new Options for easements in these locations.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council adopt Alternative #1, authorizing staff to exercise the Options to acquire the easements due in February and March of 2008, in the total amount of \$43,788.

These easements will be needed in order to be able to run a transmission line from the Ames Plant to the south. If the Iowa Utilities Board would require the City to redesign any part of the route further to the south, four of the easements, at a cost of \$18,298, may no longer be of use to the City. To let these Options expire may mean that the easements would need to be repurchased later at a higher cost. The City will not know about the use of the four easements in question until after the Utilities Board makes its ruling, and the staff feels that the risk of purchasing several unusable easements outweighs the possible cost for having to renegotiate these easements at a later date, should the route be approved as proposed.