

COUNCIL ACTION FORM

**SUBJECT: PROFESSIONAL LEGAL SERVICES CONTRACT FOR OBTAINING
ELECTRIC TRANSMISSION LINE FRANCHISE**

BACKGROUND:

The FY 2008/2009 Capital Improvements Plan includes a project to install a 161-kV interconnection with MidAmerican Energy Company. 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 July 2, 2008, the Iowa Utilities Board issued its final ruling, effectively denying the City's petition for a franchise to construct its 161kV transmission line outside the City limits to NE Ankeny. In its final decision, the IUB acknowledges the need for the line and does not contest the route specifically, but rather takes issue with evidence of compliance with Code requirements as the basis for the initial route planning. On August 7, 2008, proposals were solicited for professional services to conduct a routing selection study conforming to Iowa Code and franchising requirements. On September 9, the City Council will be asked to approve a contract with Burns & McDonnell to conduct a routing study as we again begin a process for obtaining a franchise.

Members of the City staff have interviewed representatives from two law firms which specialize in franchise representation. After careful consideration and discussions of availability, experience, and cost, the staff is recommending that the City Council approve an agreement for legal counsel with the BrownWinnick law firm, Des Moines, Iowa. The principal attorney who will be heading the City's legal team, Mr. Philip Stoffregen, has years of experience in guiding franchise proposals successfully through the IUB process. The BrownWinnick firm offers staff depth, with qualified personnel that specialize in franchise presentation, and the firm is prepared to begin working with the City and its contractors immediately. It will be important to have legal assistance as the routing study is undertaken, and in preparing for the public notification and hearing process that will follow.

Staff has determined that the BrownWinnick firm's proposal is in the best overall interest of the Utility. The billing for services will be on an hourly rate based on the principals and associates involved in the work. Hourly rates for staff anticipated to be involved in this contract will vary between \$160 and \$275 per hour. The City may be charged separately for items such as computer time, courier costs, copy/printing, document retrieval and related services as they are incurred. It is anticipated that the cost of this contract will be between \$60,000 and \$100,000. An appropriate budget amendment will be prepared for the Council approval as a part of the budget process this fall.

ALTERNATIVES:

1. Award a professional services contract for legal services to BrownWinnick of Des Moines, Iowa. The City will be billed on an hourly and services incurred basis.
2. Reject all proposals and delay the 161-kV tie line project.

MANAGER'S RECOMMENDED ACTION:

It is in the City's best interest and in the best interest of our electric customers to keep this Interconnection project moving forward as quickly as possible. Customer reliability is in danger of being compromised by the limitations in import being placed on our current 69-kV southbound interconnection.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding a professional services contract to perform legal services in connection with the Interconnection Project to BrownWinnick of Des Moines, Iowa.