

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

AMES, IOWA

NOVEMBER 20, 2012

The Ames City Council met in special session at 7:00 p.m. on the 20<sup>th</sup> day of November, 2012, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor Ann Campbell presiding and the following Council Members present: Davis, Goodman, Larson, Orazem, and Szopinski. Council Member Wacha and *ex officio* member Baker were absent.

**FLOOD WORKSHOP #2:** Mayor Ann Campbell said City staff and the consultants of HDR Engineering (HDR) will update the Council on the Flood Mitigation Study. Water and Pollution Control Director John Dunn concurred, and said that public comment will not be received at this workshop, but if members of the public would like to comment, comments are being accepted by going to the City's website at [www.cityofames.org](http://www.cityofames.org) and clicking on "In the Spotlight."

Mr. Dunn said his observations of the second round of public meetings include more tension than the first round of meetings. He said the discussion moved from more abstract to more specific topics, which became more personal. He also said the meetings were very congenial, but he sensed more frustration. He said comments from individuals up-stream of Ames are saying "don't slow down the flow of water," individuals down-stream are saying "don't speed up the water," and individuals in the middle area are saying "something has to be done." Mr. Dunn introduced Andy McCoy and John Engel of HDR.

Mr. McCoy said at the last workshop the scope of the study, public involvement, and the technical information that is being gathered was discussed. He said the initial screening criteria that will move strategies to a more specific group of detailed evaluations will be discussed at this workshop, as well as specific comments from the last public meetings. Mr. McCoy said detailed analyses will be done in the next few months, then the different levels of protection will be presented, and then feedback from the Council will be needed.

He reminded the Council that this process involves public input, analyzing different strategies, analyzing the impacts, and then presenting the best strategies to Council. He said within the process, there are three points at which the public can join in. He said there have been 866 visits on the website, and about 160 people have attended public meetings. Mr. McCoy reviewed some common themes from the public input sessions.

Mr. Dunn said HDR will be modeling the floodplain as if it was restored to pre-development levels for any given storm, to completely filling in the floodway fringe. There was discussion on the capabilities of the modeling. Mr. McCoy said there have been many questions at the public meetings on terminology. He clarified that the City of Ames does not allow development in the floodway, and that development is allowed in the floodway fringe, but the floor must be three feet above the 1% annual chance flood level.

Mr. McCoy reviewed the 2010 and 1993 floods as reference points. Mr. Orazem asked about the different flood levels at the different sites, and asked what is being measured. Mr. McCoy said the gauges at those locations are measuring river stages. He said the information is all relative to that particular location. He said a more appropriate way to compare would be with water surface elevation, but the numbers would have to be looked up. Mr. Orazem said that is very confusing, and wondered if the numbers could be standardized. Mr. Dunn said the stages are set by the United States Geological Survey (USGS). He said the gauge data could be converted, but then it would become confusing when sharing with different agencies. Mayor Campbell said when the press

releases are sent, they describe the flood levels in detail. Mr. Dunn said that one way to do it is to develop a series of maps as a tool. Mr. McCoy said the Iowa Flood Center is working on products that allow the general public to understand what the numbers mean.

Mr. McCoy said they were tasked with updating the flood frequency analysis, so the last 15 years of information that wasn't considered for the current flood maps is key. Mayor Campbell asked when the current maps were done. Mr. Dunn said that 1995 was the last date they were updated.

Mr. Orazem said it seems as the magnitude of the flood increases, the flow changes at different rates at different parts of Ames. Mr. McCoy described a statistical exercise which then provides a baseline or way to quantify the level of inundation. Mr. Orazem asked about sites that could be acting as dams. Mr. Dunn said in certain public meetings there was concern that bridges are holding up the water, so the modeling will be able to remove the bridges and evaluate the alternatives.

Mr. Larson asked how the numbers are affected by the watershed in the area of an event. There was discussion on the different flood events. Member Goodman asked if the data being used on the modeling is using the last 15 years of data. Mr. McCoy said it is using between 50-80 years of data. Mr. McCoy said the effective Federal Emergency Management Agency (FEMA) discharge was used in a hydraulic model to create the inundation map as shown. He said it's hard to tell what the change would be when looking at the map since the depth of flooding is hard to determine, so he provided a handout with a table listing different storm events with water surface elevations.

Mr. McCoy said it is being asked if larger rainfalls continue to occur, should they be considered in the new flood mitigation alternatives. Mr. McCoy discussed how HDR transposed the real storm events that have happened in Iowa to determine effects if those same storms occurred in Ames. He said it's hard to tell the difference in four of them, but when the storm that occurred in Dubuque in 2011 was applied to the Ames watershed, flood levels would have been seven feet higher than the Ames flood in 2010. He said HDR wants to show what properties would be vulnerable so that the information can be used to create alternatives and cost scenarios for different levels of protection. Mr. Dunn said when looking at the maps, some of the areas don't show a tremendous horizontal shift, but rather much more depth. He said the Dubuque storm would have created seven feet of additional flow, an increase that is staggering. He said the reason these storm events are being looked at is so that these numbers don't seem so "theoretical," but real and credible to the analysis.

Mr. McCoy reviewed the initial public comments from the first sessions, and said they fit into the categories of storage, protection, and non-structural. Mayor Campbell asked if the comments have been filtered by the engineers. Mr. McCoy said the engineers categorized the comments by technical solutions. Mr. Goodman asked if CRP land would be categorized as a conservation measure. Mr. McCoy said cooperators must be found, and that the State of Iowa Department of Agriculture and Land Stewardship has a Conservation Reserve Enhancement Program (CREP) program that has sites identified on private land. He said that major floods have so much runoff volume that it would take a lot of conservation to slow down the water. Mr. McCoy reviewed other protection methods.

Mr. McCoy reviewed the screening criteria HDR used to narrow the initial alternatives to a list that will be more fully evaluated. Mr. McCoy said HDR will not present a certain number of choices, but rather combinations of alternatives and strategies that will work together to best provide flood protection. He said cost estimates and detailed environmental impacts for the options will be provided. Member Larson asked about qualitative ideas such as political feasibility and local issues and approval processes. He said he know some methods are not thought of as favorably as they used

to be. Mr. McCoy said yes, processes will be discussed and details can be quantified to provide levels of protection. Mr. Larson said the Council will need guidance on what is reasonable. Mr. Engel said HDR can qualify impacts as well as possible paths that could be pursued. He also said public input would be shared along with the public's level of excitement on the different alternatives. Mayor Campbell asked about the impacts on surrounding communities. Mr. Engel said impacts such as property tax revenue and emergency response times can be qualitatively identified. Mr. Larson said that is the type of information he wants to see.

Council Member Szopinski asked how the alternatives are viewed by FEMA. Mr. Engel said funding options can be identified for the alternatives. Council Member Davis asked how specific HDR will be when providing the combinations of alternatives. Mr. Engel said feedback is needed on this, but discussions so far have been that one strategy might be heavier on storage, the next might include more conveyance improvements, and another could include more diversion. Mr. Engel also said floodplain ordinances and conservation measures that provide incremental benefits could be brought forward with the benefits they could provide and the costs associated with them. Mr. Orazem asked if the goal is to lower the peak flood, and how that will be organized. Mr. McCoy said that's exactly what they have talked about for the storage alternatives. Mr. Dunn said there isn't one thing that will solve this problem, but there are multiple different ways to show different combinations that could work to mitigate flooding.

Mr. Goodman said if there are a few complex solutions, it would be nice to have a story on how those strategies have been successful or not successful. He also said he is concerned about people's feelings before being informed. He said he believes the reactions would shift if citizens were more informed. Mr. Goodman asked about the option of flood proofing. Mr. McCoy said flood proofing is something that could not be used as a stand alone strategy because it is site specific and is pretty limited, so it was not carried forward as something that will be looked at. Mr. Goodman said it seemed an interesting option as far as cost. He suggested that a buy out option for certain homes would possibly be more affordable than building a reservoir. Mr. McCoy said property buy outs occurred after the 1993 flood, which resulted in minimal success, and were not embraced by the community. Mr. Dunn said if they go down the route of exploring levies, there may not be a good way to do it unless there is a buy out of a few properties in targeted areas. He also said that buy out is a major strategy by itself as well, but not an option that will work well as its own strategy.

Mr. Schainker said that the Council is concerned that some of these alternatives may be very costly. He asked if HDR does a cost benefit analysis. Mr. McCoy said yes, that is the next step and will be done over the next few months. Mr. Engel said equally valid is the acceptable levels of protection and the incremental cost associated with protecting at higher levels. Mr. Dunn said HDR and staff will come back next time with price tags and options so the Council will have all of the information. Council Member Goodman said the 1997 study presented several options and none were taken. He said that in the case every option is too expensive, he would like to know how much it will cost to protect properties. Mr. Engel said value information for the floodplain parcels can be included.

There was discussion on buy outs that happened after the 1996 flood study. Mr. Kindred said after the 1996 study, the only option that met the FEMA cost ratio was protecting individual properties, but no one took advantage of it. Mr. Kindred said HDR has pushed back this option given the history of this in Ames where no one seemed interested in it. Mr. Goodman said his concern is that City dollars will be used, and in this case even though the funds would be given to specific properties, it would still be saving taxpayers.

Assistant City Manager Bob Kindred told the Council that Management Analyst Brian Phillips is involved with the county in updating the county-wide all hazards mitigation plan, of which this plan will be adopted into. He said if the time comes when federal assistance is being sought for buy outs, that would need to be listed as an alternative in the plan. Mr. Engel said the residual flood damages to City-owned properties and roadways, and removal of properties from the tax base would also need to be considered. Mr. Goodman said the experience and expertise HDR brings to the financial equation is very helpful.

Mr. Larson asked if the original data going back to 1995 and earlier that was combined to come up with sources and flow rates have been kept separate so it can be determined where the flooding is occurring more frequently in recent years. He said it seems that Squaw Creek is the bigger problem in recent years, asked if he is correct in thinking how quickly the water comes from the northwest. Mr. Dunn said he agreed with that in a qualitative sense. Mr. Larson said he wants to make sure some feedback is received to determine where dollars should be spent based on the areas most likely to be impacted.

Mr. Orazem asked if there is data to show if the water could exit Ames without problems if all the rainfall occurred in the Skunk or in the Squaw. Mr. McCoy said ten inches of rain in the Squaw basin is very substantial no matter what is happening on the Skunk River. Discussion continued on the higher levels of rainfall.

Ms. Szopinski said she is looking forward to hearing the alternatives.

Mayor Campbell asked about more public input. Mr. McCoy said that will soon be scheduled, as well as the target end date. Mr. Dunn said the last workshop is targeted for late January or early February to line up with the Capital Improvements Plan.

**COMMENTS:** Mayor Campbell told the Council that she has asked Member Larson and Member Goodman to be part of a preliminary group in the search for a new City Attorney. She said staff will soon be presenting a schedule for the search.

**ADJOURNMENT:** The meeting adjourned at 8:28 p.m.

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Diane R. Voss, City Clerk

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Ann H. Campbell, Mayor

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Erin Thompson, Recording Secretary

## MINUTES OF THE REGULAR MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

NOVEMBER 27, 2012

The regular meeting of the Ames City Council was called to order by Mayor Pro Tem Jami Larson at 7:00 p.m. on November 27, 2012, in the City Council Chambers in City Hall, 515 Clark Avenue. Present from the Ames City Council were Jeremy Davis, Jami Larson, and Peter Orazem. Matthew Goodman, Victoria Szopinski, and Tom Wacha, who were attending the National League of Cities Conference, were brought in electronically as it was impractical for them to be present in person. *Ex officio* Member Sawyer Baker was also present. Mayor Campbell was absent.

**CONSENT AGENDA:** Moved by Davis, seconded by Orazem, to approve the following items on the Consent Agenda:

1. Motion approving payment of claims
2. Motion approving Minutes of Regular Meeting of November 13, 2012
3. Motion approving certification of civil service applicants
4. Motion approving Report of Change Orders for November 1 - 15, 2012
5. Motion setting January 22 and February 26, 2013, at 6:30 p.m. as Conference Board meeting dates
6. Motion approving renewal of the following beer permits, wine permits, and liquor licenses:
  - a. Class B Native Wine – Chocolaterie Stam, 230 Main Street
  - b. Class C Beer – Swift Stop #8, 705 24<sup>th</sup> Street
7. RESOLUTION NO. 12-599 approving Annual Urban Renewal Report
8. RESOLUTION NO. 12-600 approving preliminary plans and specifications for CyRide Bus Facility Expansion and Flood Mitigation Project; setting January 31, 2013, as bid due date and February 12, 2013, as date of public hearing
9. 2012/13 Water System Improvements (Water Service Transfer #1):
  - a. RESOLUTION NO. 12-601 approving Change Order No. 1
  - b. RESOLUTION NO. 12-602 accepting completion
10. RESOLUTION NO. 12-603 accepting completion of Vet Med Substation Capacitor Banks
11. RESOLUTION NO. 12-604 accepting completion of public improvements and releasing security for Southern Hills West, Plat 2

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

**PUBLIC FORUM:** No one came forward to speak during this time.

### **SPECIAL 5-DAY CLASS C (BW) LIQUOR LICENSE FOR OLDE MAIN BREWING CO.:**

Moved by Davis, seconded by Orazem, to approve a Special 5-Day Class C (BW) Liquor License for Olde Main Brewing Co., at the ISU Alumni Center (December 12-17).

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

**POTENTIAL USE OF AVAILABLE SCHOOL DISTRICT PROPERTY:** City Manager Steve Schainker recalled that, on October 9, 2012, the City Council had directed staff to provide information regarding whether there would be a need for the City to utilize any of the properties that were being offered for sale by the Ames Community School District. In response to that referral, staff determined that there was no interest by the City in the four buildings (former Middle School, Edwards, Roosevelt, and Willson-Beardshear). The current internal configurations of the buildings were not conducive to City governmental needs; locations in single-family neighborhoods make them inappropriate for City uses; and, significant expense

would be needed to convert to usable space were the reasons given that made it cost prohibitive to transform the buildings to the City's needs.

Rather than utilizing the existing available buildings, Mr. Schainker expressed support to transform portions of two properties (Roosevelt and Edwards sites) to neighborhood parks. The Willson-Beardshear site was not being recommended for that purpose since it is located within a few blocks of Bandshell Park, which adequately serves the adjacent neighborhoods with open space and play equipment. City Manager Schainker said that City staff would be willing to meet with the neighborhood association adjacent to the Willson-Beardshear school site to discuss the issue further.

According to Mr. Schainker, due in part to the current challenging financial times, City staff has been hesitant to add smaller neighborhood parks because they are more costly to maintain within the Parks system. However, with the recent decision by the Ames Community School Board to dispose of a number of elementary schools, it is an opportunity for the City to support the impacted residents as important amenities are removed from their neighborhoods. Mr. Schainker said that it is appropriate since elementary schools historically have doubled as neighborhood parks during non-school hours. According to City Manager Schainker, staff had already expressed this position to representatives of the Ames Community School District. He emphasized, however, that support was subject to the School District donating the park portion free of charge to the City; be cleared of any structures, including foundations; and be returned to a grassed condition ("clean and green") before it is given to the City.

Mr. Schainker clarified that in its discussions with School District officials, City staff did not place any size restriction on the amount of land that it would accept from the School District. City staff had previously understood that it was the School District's desire to develop the sites for single-family housing in an effort to attract more students with the associated state revenues to the District. Staff had emphasized that it should be left up to School District officials to decide how much land to donate to the City for park purposes. Mr. Schainker emphasized that the City was not advocating to have the District buildings torn down; it appears that it would be possible to reuse the buildings and still have substantial green space for a park. It was also acknowledged by Mr. Schainker that it could cost approximately \$100,000 or more to develop parks in each of the four areas.

Council Member Wacha expressed that in some of the cases, especially Roosevelt, it would be advantageous for the City to retain part of the parking lot and existing play structure. It was noted that the play structure at Roosevelt might have already exceeded its life expectancy.

It was made very clear by City Manager Schainker that it would be the City Council's decision whether or not to develop the sites for City parks. He stated that, to date, there had been no formal request asking the City to pursue that option, although that approach had been mentioned publicly by the School Board during previous public discussions about the future of the sites.

Council Member Goodman suggested that staff convey the City's desire to the School District to accept as much of its available property for development of parkland.

Council Member Orazem stated his desire that whoever purchases any of the School District properties would make the necessary improvements at a very rapid pace. He would like to see

a statement from the purchaser(s) that any commitment to purchase would also be a commitment to act.

Anneke Mundel, 1111 Harding Avenue, Ames, stated that she is a seven-year resident of the Roosevelt Neighborhood and the mother of two active children. Her children and other visitors to her neighborhood from Ames and neighboring towns use the former school site very frequently. She informed the Council that she had conducted an informal survey of the usage of the Roosevelt property, which indicated that 20 to 30% of the daily users come from outside the immediate area. Ms. Mundel described the site as a valued community gathering spot, not used just by the residents adjacent to the site. Ms. Mundel told the Council that she and Stacy Ross co-founded the Citizens for Roosevelt Park in late September 2012, which is now comprised of approximately 130 members from throughout Ames. Ms. Mundel asked on behalf of her family and the 130 Citizens for Roosevelt Park supporters that the City partner with the School Board to preserve a large park space for perpetual public use. This group hopes that the City will develop an L-shaped parcel of approximately 2.3 acres that runs the length of Roosevelt Avenue and 10<sup>th</sup> Street and would encompass the land housing the playground, basketball pads, and land including several mature trees. It was also requested by Ms. Mundel that any redevelopment requests that might come before the City be considered carefully in light of the impact on the neighborhood.

Marty Helland, 1024 Roosevelt, Ames, recognized the sense of community existing in the City and the value that Ames puts on the well-being of its residents. She acknowledged that the City always puts emphasis on building and maintaining strong neighborhoods, which in turn, strengthens the entire community. It was asked by Ms. Hellend that the City consider developing, at a minimum, 2.3 acres as a park. The residential lots in the area are generally very small and there is very limited space for outdoor play without a community playground and green space. She is concerned that the School District would want to sell much of the land for development and not preserve much, if any, of the land for a park of the size that would meet the neighborhood's needs. It was Ms. Hellend's request that the City give this the same consideration as it gives to new housing developments. Ms. Hellend cautioned that the City would not be able to reclaim any of the land after it has been developed. She stressed that the Roosevelt site has been the heart and soul of the Neighborhood for the past 90 years.

Stacey Ross, 1121 Marston Avenue, Ames, stated that she was a founding member of the Citizens for Roosevelt Park. She said that she had been actively involved in organizing the Summer Sundays' Concert Series, which draws hundreds of people from Ames and Central Iowa. Ms. Ross emphasized her desire and that of the Citizens for Roosevelt Park that the City preserve the common green space for a City park. She pointed out that this site had served as a park for nearly 100 years. It was urged by Ms. Ross for the City to work with the School District to preserve as much land as possible for a City park at the Roosevelt site. She provided a summary of School Board meetings that she had attended on the topic of selling its land. Ms. Ross noted that Luke Deardorff, a member of the School Board and Real Estate Liquidation Committee, had indicated that he would be proposing subdividing the lot prior to the sale of the building. She said that the Citizens for Roosevelt Park were interested in working with the School District to ensure that as much land as possible is set aside for a neighborhood park, but leaving land that would still be beneficial to a developer who would re-use the school building.

Chase Colton, 2226 Northwestern Avenue, Ames, advised that he had joined the Citizens for Roosevelt Park because it is important to preserve the green space. He described the many

activities occurring at Roosevelt and said that while the building is vacant, the land around Roosevelt is constantly used. He described Roosevelt as being an “anchor to the community” and urged the City Council to do everything it can to make the green space into a City park.

Sharon Wirth, 803 Burnett Avenue, Ames, explained that, as the Chairperson of the City’s Historic Preservation Commission, she had sent a letter to the School District outlining the importance of preserving the Roosevelt Elementary building. She believes that the Roosevelt site was about much more than an unused building. Having been built in 1924, it had been listed on the National Register of Historic Places. Ms. Wirth read excerpts from the letter she had sent to the School Board. She urged the City Council and City staff to work with the School Board to establish a process in terms of planning for the Roosevelt site and making every effort to re-use the Roosevelt School building.

Linda Feldman, 1111 Stafford Avenue, Ames, said that it appeared that Ames was losing all the schools in its urban core, and it would be very preferable to keep green space in the neighborhoods. She firmly believes that the green space and City parks are crucial in keeping neighborhoods vital. Ms. Feldman expressed her desire to talk with the City and School District about retaining green space at the Willson-Beardshear site, which directed impacts her neighborhood.

City Manager Schainker said that he felt keeping green space in the neighborhoods was do-able; however, it would take a cooperative effort among the City, School District, and potential developer(s). The logical next step would be for the Council to go on record by indicating its preference regarding this issue to the School Board.

Council Member Wachua expressed his concern that a lot of discussion had occurred about the Roosevelt School site, but not much about the Edwards and Willson-Beardshear sites. Recognizing that the Sunrise Neighborhood is in proximity to Bandshell Park, he wanted to ensure that discussion would also occur about keeping green space at all of the sites.

Council Member Goodman shared his understanding that the School Board was considering moving its administrative offices out of the Crawford School site. City Manager Schainker said that possibility had not surfaced when he had his discussions with the School Board; however, if that is the case, the City would have to be open to including Crawford.

In the opinion of Mayor Pro-Tem Larson, it needed to be determined if the School District would provide a formal acknowledgment that it would be willing to accept the three caveats: (1) the City would take any land the District would give it, but it has to be free of charge; (2) the land has to be green; and (3) it has to be clean of all structures, unless the City wants to retain them, e.g., asphalt for a parking lot.

Moved by Goodman, seconded by Davis, to request staff to communicate Council’s commitment to accepting as large a parcel as possible and deemed reasonable by the Ames Community School District for neighborhood parks on the four properties that the Ames School District will be disposing of, i.e., Roosevelt, Willson-Beardshear, Edwards, and Crawford with the three caveats included in the staff report.

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



**REQUEST FROM CITY OF KELLEY FOR WATER SERVICE:** Water and Pollution Control

Director John Dunn gave a summary of the request of the City of Kelley for the City of Ames to supply water from Ames to Kelley. He recalled that the Council had formerly requested a brief report from City staff on the history of previous wholesale water and sewer agreements, along with a recommended response to the City of Kelley.

At the inquiry of Council Member Orazem, Mr. Dunn advised that the City of Ames currently has two wholesale agreements for drinking water and four for wastewater.

Director Dunn told the Council that financing for the City of Ames' current Water Pollution Control Facility had been provided in part by a federal construction grants program; that program required that the City of Ames evaluate the cost-effectiveness of having smaller communities connect to a larger facility that can operate more efficiently. Ames completed the feasibility evaluation for a number of surrounding communities and determined that doing so was not cost-effective for Ames, with the exception of the City of Kelley. Mr. Dunn explained that Kelley was also applying for construction grant funds, and Kelley's consultant had performed an independent feasibility analysis and determined that connecting to Ames was the most cost-effective means of providing wastewater treatment for its community. He elaborated that the City of Kelley had now been notified by the Iowa Department of Natural Resources (IDNR) that it needed to take action to improve the viability of its drinking water system. The modifications, estimated by Kelley's consultant to cost approximately \$1,000,000, are exceedingly expensive for a community of 309 people and fewer than 150 customer accounts over which to spread the costs. Because of the high price tag associated with the improvements, Kelley is interested in resuming discussions with the City of Ames. Ames staff members had talked with Kelley's consultant and met once with the Kelley City Council, but felt a request from Kelley's Council to the Ames City Council would be appropriate before investing additional staff time to further explore the possibilities. It was Mr. Dunn's understanding that Kelley had received funding commitments that have a limited window of opportunity, and receiving an answer from Ames in a timely manner was of great importance to them.

According to Mr. Dunn, based on water demand characteristics provided by Kelley's consultant to Ames staff, the City of Kelley has an annual average demand of approximately 15,500 gallons per day and a peak day demand of approximately 40,000 gallons per day. He advised that, for comparison purposes, that would put the demand for the connection to Kelley roughly comparable to the average demand of Hickory Park restaurant. An estimate of the revenue generated from taking on Kelley as a customer would be in the neighborhood of \$24,000 per year, using the provisions of the Kelley wastewater agreement as a model.

The issues that needed to be addressed in any contract for water service were pointed out by Mr. Dunn, as follows:

1. Seasonal Rates. The rate structure for residential customers in Ames is a seasonally inclined block structure, with a flat rate in the winter and an inclining block rate in the summer. Some consideration should be included to a rate provision with Kelley that accomplishes the same water conservation goals.
2. Water Rationing. The City of Ames has adopted an ordinance that allows mandatory water use restrictions to be implemented in stages based on the need for conservation.

3. Delineation between Systems. There are a number of different ways that an agreement could demarcate the separation point between systems. The simplest for Ames would be to follow the model that has been used with all other wholesale agreements; namely, Ames provides water, at whatever point in its existing system is closest or most convenient, through a single master water meter.

Council Member Orazem questioned whether Kelley would incur the cost of the infrastructure to hook up to Ames' service. Director Dunn said that is an element to be negotiated with the City of Kelley. He said he would be recommending that a connection for Kelley be provided in Ames where they can get the water and Kelley would build the infrastructure from there to Ames.

Council Member Davis how long it would take to make the connection. Mr. Dunn said that if negotiations go well, it should be within a year. City Manager Schainker stated that he did not want the City of Ames to upfront the costs; it would be too long of a pay-back.

According to Director Dunn, the challenges being faced by the City of Kelley are not unique and are not necessarily reflective of a lack of care by that community. Ames has a history of providing water and wastewater services on a wholesale basis to other governmental entities dating back over 65 years. More specifically, Ames has provided sewer service to the City of Kelley since 1975.

Moved by Davis, seconded by Orazem, to direct staff to initiate discussions with the City of Kelley regarding a possible agreement for water service.

Chad Borsheim, 1212 VanFleet Street, Kelley, advised that he is a Kelley City Council Member, and thanked the City of Ames for considering the request. He advised that many of the funds were in place, and it would just be a matter of amending its current grant proposal. Council Member Orazem questioned if the City of Kelley would be willing to abide by the policy decisions, i.e., water rationing, etc., already in place. Mr. Borsheim emphasized that he could not speak for the City of Kelley; however, if the City of Kelley was hooked up to Ames' system, it would abide by the City's rules.

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

**PURCHASE POWER AGREEMENT WITH GARDEN WIND (NextEra):** Electric Services Director Donald Kom reminded that Council that, on September 8, 2009, the City had entered into a 20-year Purchase Power Agreement with Garden Wind LLC. Under the Agreement, the City agreed to purchase the output from 36 MW of 15-MW wind farm near Zearing, Iowa. The remaining 114 MW output from the farm had since been contracted to a third party.

An explanation of how the output of the wind farm is measured and how billing between the two "off-takers" is split was provided by Director Kom.

Mr. Kom advised that, beginning in March 2013, the Midwest Independent System Operator (MISO) will be changing how intermittent generation resources (such as wind and hydro power) will be scheduled onto the electric grid. After discussing those operational changes with Garden Wind, staff determined that the current billing and operational practices will not work under the new MISO construct. In considering a new complex billing algorithm and operating parameters

for the farm, staff suggested that the farm be split and 24 wind turbines be assigned representing the City's 36 MW of capacity. The turbines would then be separately metered, billed, and operated. NextEra has agreed to pay for all costs associated with this change and has proposed an amendment to the existing Agreement creating the separation of the wind farm into proportionate shares for the two off-takers.

Moved by Orazem, seconded by Goodman, to adopt RESOLUTION NO. 12-605 approving amendments to the Purchase Power Agreement with Garden Wind (NextEra).

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

**UNIT NO. 8 BATTERY REPLACEMENT FOR POWER PLANT:** Electric Services Director Kom told the Council that a cell in the Power Plant's Unit 8 Station Battery recently failed. A thorough inspection of all battery cells was made, and three other cells were found with cracked tops. The station battery is used to run emergency and control equipment during a power disruption. The batteries are nearly 15 years old, and there is now no confidence that the batteries are capable of providing the emergency back-up power needed to prevent serious damage to the Plant facility.

According to Mr. Kom, Brown Engineering was called in by Plant staff to inspect the batteries and recommended immediate replacement to prevent a potential loss of critical Plant equipment. The estimated cost of replacement is in the range of \$80,000 to \$100,000. Funding is available from the Unit 8 Fixed Equipment Repair account in the Electric Production operating budget.

It was noted that *Iowa Code* Chapter 384.103(2) allows for emergency repairs of a public improvement. It also states that the "governing body may contract for emergency repairs without holding a public hearing and advertising for bids, and the provisions of Chapter 26 do not apply." In accordance with the requirements, Brown Engineering Company has certified that emergency proceedings are necessary to avoid the risk of serious loss to the City.

Moved by Davis, seconded by Wacha, to adopt RESOLUTION NO. 12-606 to institute emergency proceedings.

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

Moved by Davis, seconded by Wacha, to adopt RESOLUTION NO. 12-607 authorizing staff to solicit informal bids and enter into a contract for replacement of Unit No. 8 batteries within seven to ten days.

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

**125 HYLAND AVENUE AND 118 & 122 CAMPUS AVENUE:** City Planner Jeff Benson explained the requested waiver of the subdivision lot design standard. He noted that the City Council can waive a subdivision requirement if compliance would result in extraordinary hardship to the applicant or would prove inconsistent with the purpose of the regulations because of unusual topography or other conditions.

Council Member Orazem asked Mr. Benson if staff felt the design would look more attractive to the neighbors. Mr. Benson answered that staff felt that the new design would fit in with the neighborhood better.

Doug Pyle, 3021 Ridgetop Road, Ames, emphasized that he was a long-time resident of Ames, and the appearance of buildings in the City are important to him. He listed the buildings that he currently owns and said that those were testimony to his commitment to make all of his properties aesthetically pleasing. Mr. Pyle said that building one 13-plex, rather than two 6-plexes, would fit in better with the neighborhood. The proposed building would be of a similar size as the building that it would replace (formerly Triangle Fraternity). Mr. Pyle noted the size of other buildings in the area. He said he is attempting to get the same size structure on Hyland and put the parking behind the building. If not approved, he could build a six-plex on Campus Avenue and a six-plex on Hyland Avenue, which would mean a six-plex would be located between a 16-plex on the north and a 23-plex on the south; those two buildings would look very out of proportion. Mr. Pyle pointed out that Hyland Avenue is a minor arterial roadway. He is proposing that there not be a drive on Hyland, so no traffic would be added to the minor arterial. To him, having the parking be located in the back of the building would be an asset.

Mr. Pyle said that he was not motivated by the rental revenues, as they would be nearly equal; however, he believes that building one 13-plex instead of two six-plexes would be a much better-looking project. He said that he was not sure what the concerns were of the double-fronted lot, however; he assumed that it was felt people might use the parking lot as a pass-through street. Mr. Pyle said that due to the building's design, that would not be possible. It was stated by Mr. Pyle that he would be willing to use the same construction material on the back of the property as that used on the front, so that it will be attractive from Campus Avenue. There will be a 25-foot set-back off Campus Avenue. The parking lot will be landscaped with trees and/or berm.

Council Member Szopinski said she was having difficulty picturing what the building would look like and asked if this item could be brought back to the City Council so that Mr. Pyle could provide pictures of the building design. Mr. Pyle brought the Council's attention to Attachment D of the Council Action Form, and said that the building would look very similar to those drawings.

Discussions ensued about the proposed location of the driveway and the fact that the property would not be accessed from Hyland. Mr. Pyle said he does not want his property to add to the traffic on Hyland and he does not want people cutting through the parking lot. Having another drive on Hyland does not accomplish anything. Council Member Benson said having another driveway would take up quite a bit of space on the lot.

Council Member Goodman asked what the point was for having a drive for a parcel on street frontage. Planner Benson said that it is to have consistency in driveways in residential neighborhoods; however, functionally, there might not be a reason for it. A redeveloped property to the north (2824 West Street) was referenced by Mr. Goodman. He pointed out that the owner was forced to put the driveway underneath the property in order to meet this requirement. Mr. Pyle noted that that particular property had no other way to access the lot other than put the driveway underneath; that is not the case with his property.

Mr. Goodman then questioned the requirements of the Ordinance. He pointed out that if staff sees no value in it and the City Council sees no value in the regulation, the Ordinance should be changed to allow it. He wanted to create a consistent situation for all who want to develop property, but have this same issue; piece-by-piece changes are not fair in his opinion.

Council Member Larson said that cases like this do not come before Council very often, but when they do, Council gets to hear what makes each case unique. In this particular case, Mr. Larson said, aesthetically and traffic-wise, there were good reasons to consider approving a waiver.

Planner Benson said that he had collected staff input on this particular request, and staff had no objections to the through lot.

Moved by Wacha, seconded by Davis, to adopt RESOLUTION NO. 12-608 approving a waiver of subdivision lot design standard that prohibits creating a lot with double frontages or reverse frontages in a residential zoning district for the property currently addressed as 125 Hyland Avenue and 118 and 122 Campus Avenue.

Council Member Goodman asked City Attorney Doug Marek if the requirements for granting a waiver as outlined in the *Code* had been met. Mr. Marek said that Council could grant the waiver if Council believed it causes an extraordinary hardship or that the purpose of the regulations do not coincide with the property in question. From the discussion, it would appear that, in this particular situation, it is inconsistent with the purpose of the regulations.

Roll Call Vote: 4-2. Voting aye: Davis, Larson, Orazem, Wacha. Voting nay: Goodman, Szopinski. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

Moved by Wacha, seconded by Davis, requested staff to prepare a brief memo discussing the history behind the prohibition of lots with double frontages in residential zoning districts and the pros and cons of having the regulation or not having the regulation.

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

**YARD WASTE CONTRACT:** Chad Borsheim, 1212 VanFleet Street, Kelley, identified himself as an employee of Chamness Technology. He said that it appeared from the materials provided to the City Council that staff was recommending award of the contract to American Professional Services Group (APSG); however, he wanted to make a few points before the final decision was made. The points made by Mr. Borsheim were as follows:

1. The history of the Yard Waste Contract shows that the contract has gone full term over the past two contract periods. If the Contract were to go full-term (five years), Chamness Technology would appear to be the more affordable option for the City of Ames.
2. Chamness Technology had met with Story County Planning & Zoning at its conceptual review meeting. Story County Planning & Zoning had a favorable initial response about Chamness's proposal at that meeting. Another meeting was to occur in December; however, that meeting was postponed until January.

3. If Chamness Technology were to relocate to its proposed site, i.e., on Black's Heritage Farm (on "University Boulevard South"), it is near the Iowa State composting facility. Chamness's facility would be of a similar nature. There are few neighbors in the area. Chamness does have a second possible location, which is off Freel Drive and SE 5<sup>th</sup> Street.

Mr. Borsheim also wished to correct a statement in the Council Action Form that said Chamness Technology had not worked for the City. He clarified that Chamness had worked with the City on its storm debris grinding; the work was performed on budget and in a timely manner.

It was noted by Mr. Borsheim that it is one of the Council's goals to support environmental sustainability. He stated that that is exactly what Chamness Technology does; its intent for the leaf and yard debris would be to use it in a compost, which would be hauled to its facility. The compost material would never be accumulated to a significant volume. Mr. Borsheim told the Council that Chamness has a "sister company" named "Green R U," which is an organics diversion business. Since the main agreement of compost is wood or carbon, with proper "recipes," Chamness might be able to make a very viable and sustainable compost. Their composting facility is located in Eddyville, Iowa, location.

Mr. Borsheim asked that the City Council consider the five-year alternative versus the three-year given the points that he had already presented.

Council Member Orazem asked to know the rationale for City staff recommending a three-year contract. Gary Freel, Resource Recovery Manager, said that the proposed contract had been structured with a base bid for the first three years and an option for two one-year extensions. Mr. Freel noted that, during the first three years, there is a \$21,600 difference between the two lowest bids; however, Ames Professional Services Group's proposal did show substantial increases after the initial three years. If it would have called for a five-year term, Chamness Technology would have been the lower bidder. According to Mr. Freel, if Story County were to not approve the prospective site or the secondary site for Chamness, the City of Ames would not have a contract for next season.

It was also asked by Mr. Orazem if there would be any harm in waiting one month so that the uncertainties surrounding Chamness's proposal could be resolved. Mr. Freel replied that the City has to either re-bid or accept one proposal. The bids are good for 60 days; December 2, 2012, which is a Sunday, would mark the expiration of the bids, so this is the last meeting for the City Council to make its decision.

Council Member Wacha raised the issue of APSG having non-compliance issues and violations and asked Mr. Freel how that company had been to work with. In response, Mr. Freel said that the current contract requires a fair amount of staff time "to say the least." APSG had come into compliance within the time frame to continue doing business after Inspections staff had talked to them. According to Mr. Freel, the award of this contract was delayed in part so that the City could ensure that APSG stayed in compliance during the four fall free-days. They have been able to stay in compliance since October.

It was also inquired by Mr. Wacha if APSG gave the City any indication as to why it would raise its rates so substantially after the initial three-year period. Mr. Freel said he did not know the reasoning.

Council Member Goodman asked if the bid documents required the site to be pre-determined or confirmed. Mr. Freel responded that the Request for Proposals had required that a facility be secured; there was a time frame noted after award, however, the City needed to have a secure site for the fall free-day.

Council Member Szopinski asked if anyone was present to speak on behalf of APSG. She wanted more information from that vendor as to the structure of its rates and the reason why it would double. Superintendent Freel advised that Mr. Reese was not present.

City Manager Schainker said that staff's recommendation also took into account the site of the proposed drop-off site for Chamness - there is quite a length of gravel road on which residents would have to drive to reach the site. Council Member Goodman asked if the bid included what percentage of travel on gravel would be necessary. Mr. Freel said that was not one of the evaluation criteria; the site needed to be within two miles of the City limits. He noted that the Black Heritage Seed Farm is within that two-mile distance.

It was pointed out by Council Member Wacha that Chamness was significantly higher for the storm damage tree clean-up option (\$5,000 versus \$1,100/day). He asked to know what the City's costs are for that day as if award was made to Chamness, as the City probably would not execute that option. Mr. Freel advised that it costs between \$750 to \$1,500/day. The last clean-up day was not done by Chamness. It was a ten-day clean-up and cost approximately \$10,000.

Council Member Goodman asked if Council had to award to the low bidder. City Attorney Marek advised that this was not a public improvement contract, so the City is not required by law to award to the lowest bidder.

Council Member Goodman asked to know the staff's rationale for recommending the contract be awarded to APSG. Mr. Freel stated that distance was one of the reasons; the savings of \$21,600 between the first two bidders and security of a site that could be utilized in the spring were the other two reasons.

Council Member Davis pointed out that there are ice storms that occur in the winter, which sometimes causes extensive tree damage. He felt it was important for the site to be guaranteed and asked when the current contract with APSG expires. Mr. Freel advised that the current contract will expire on December 15, 2012.

Moved by Wacha, seconded by Szopinski, to adopt RESOLUTION NO. 12-609 awarding the Yard Waste Contract to Chamness Technology in the amount of \$31,800 per year.

After being asked for clarification, Mr. Freel advised that there will be a clause in the contract so if Chamness is unable to secure a site by a certain date, the City would have the option of terminating the contract and either re-bidding or selecting another vendor.

Council Member Goodman asked Mr. Freel to comment on how comfortable staff was with awarding the contract to Chamness Technology. Mr. Freel said staff was concerned about the distance on a gravel road and the uncertainty of whether a site could be guaranteed. However, he believed that the proposed site being located next to the ISU composting facility holds great potential. Chamness could possibly expand the site and use it for its food waste facility.

Roll Call Vote: 4-2. Voting aye: Goodman, Orazem, Szopinski, Wacha. Voting nay: Davis, Larson. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

The meeting recessed at 9:02 p.m. and reconvened at 9:08 p.m.

**BASIN LINER REPLACEMENT AND WPC FACILITY BIOSOLIDS DISPOSAL OPERATIONS CHANGE ORDERS:**

Water and Pollution Control Director John Dunn explained that staff was presenting a substantial change in scope for this project. He elaborated that a contract had been awarded to Ames Trenching and Excavating on September 11, 2012, in the amount of \$109,500 to repair the synthetic liners; however, once the cleaning of the two equalization basins and one biosolids holding basins, major liner failures were located in the bottom of the basins below the water line. New Change Order amounts for Ames Trenching and Excavating, Nutri-Ject, and FOX Engineering were distributed around the Council dais. It was explained that a budget adjustment including a 20% contingency was being requested because it is unknown what volume of water, if any, that is currently in the basin seeped through the leak or if there is a ground water issue. The water sitting between the liners and the clay basins has to be removed to allow that determination to be made. If it is ground water coming up, it will require putting in some dewatering wells to lower the ground water so that the new liners can be put in and made to lay flat in the bottom of the basin.

Potential funding sources were identified by Mr. Dunn.

According to Mr. Dunn, Council first must declare this to be an emergency situation. He emphasized that replacement of the liners is paramount to successful operation of the Plant, as well as preventing a discharge to the receiving stream that would be in violation of the City's NPDES Permit.

At the inquiry of Mayor Pro-Tem Larson, City Attorney Marek recommended that the City Council find that emergency proceedings are appropriate.

Moved by Davis, seconded by Orazem, to adopt RESOLUTION NO. 12-610 to find that emergency proceedings are appropriate and authorize staff to negotiate change orders as follows:

- a. Ames Trenching & Excavating at an estimated amount of \$231,084 for full replacement of three basin liners for a total contract price of \$336,984;
- b. Nutri-Ject in the amount of \$139,589.34 for biosolids application and dewatering of the basins, for a total contract of \$188,564;
- c. FOX Engineering of \$7,000 for additional design and inspection services, for a contract total of \$22,000; and,
- d. Authorize budget amendments, as described above, totaling \$654,058.

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

**WATER POLLUTION CONTROL FACILITY METHANE ENGINE GENERATOR NO. 2 REHABILITATION PROJECT:**

Water and Pollution Control Director Dunn explained that the bids that came in substantially exceeded the available budget. In discussion with the bidders, staff now understands why that might be: the engine that is being repaired is now out of the main production of Caterpillar, so repair parts are much more expensive. Also, the specifications



required a two-year warranty, which must be purchased from Caterpillar, and that increased the cost substantially.

Mr. Dunn said staff was recommending that Council reject all bids. Staff will come back to Council as part of a Capital Improvements Plan proposal for the next fiscal year with a revised plan that looks at the entire energy generation operation of the facility and maps out a long-term strategy for the engines.

Moved by Goodman, seconded by Wacha, to reject the bids for the Water Pollution Control Facility Methane Engine Generator No. 2 Rehabilitation Project and direct staff to proceed with alternative project plans.

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

#### **PROFESSIONAL SERVICES AGREEMENT WITH SHIVE-HATTERY FOR CITY HALL**

**RENOVATION:** Fleet Services Director Paul Hinderaker explained that the original project included all of the first floor Police Department areas, including the public hallway by the Police Department, as well as all of the basement areas that are currently occupied. The budget for the project was \$1,400,000, with \$600,000 coming from a Homeland Security FEMA Grant to help renovate the Emergency Operations Center (EOC), and \$800,000 from the City's general fund to provide a match for the grant funding and to cover the remaining costs to renovate the basement and improve the Police Department. Two successful bidding processes both ended with construction bids that far exceeded the scheduled budget. At that point, enough time had elapsed that it was no longer feasible to reduce the scope of the project a third time, rebid it, and complete the project prior to expiration of the FEMA grant.

According to Mr. Hinderaker, in one last effort to salvage the FEMA grant, staff consulted with the Iowa Department of Homeland Security, reviewed the project scope one last time, and reduced the scope to a project focused only on renovating the EOC and associated spaces in the Police Department. Staff then applied to FEMA for a grant extension, requesting an adequate time line for the architect to re-do the plans and specifications, to obtain acceptable bids, and to complete the reconstruction. FEMA extended the time frame to December 31, 2013. With a reduced project and time frame extension, staff determined that a project could be designed and finished in the time frame now allowed by FEMA. Staff feels that that would only be possible if Shive-Hattery is retained to revise existing plans and specs, as it would need the least amount of time to redraw them for a reduced project scope. Mr. Hinderaker noted that Shive-Hattery had been paid \$86,226 for services and expenses completed to date. The unspent balance of \$28,774 was for construction phase oversight, which did not occur because a construction award was never made. Shive-Hattery prepared a revision to its service fee to redraw the plans for a scaled-back EOC project, rebid the project, oversee the construction phase, and to complete this project on time, which equated to \$42,500. The net change to Shive-Hattery's contract would add \$13,726, for a total contract cost of \$128,726.

Mr. Hinderaker clarified that the project would be just for the Emergency Operations Center.

Moved by Goodman, seconded by Wacha, to adopt RESOLUTION NO. 12-611 approving a Change Order to the existing Professional Services Agreement with Shive-Hattery for City Hall Renovation to deduct \$28,774 for services not rendered and to add \$42,500 for the proposed fees to complete the reduced project (only Emergency Operations Center).

Roll Call Vote: 5-1. Voting aye: Davis, Goodman, Orazem, Szopinski, Wacha. Voting nay:

Larson. Resolution declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

**LIBRARY RENOVATION AND EXPANSION ABATEMENT WORK (ASBESTOS AND LEAD PAINT REMOVAL):** Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-612 awarding a contract to Abatement Specialties, LLC, of Cedar Rapids, Iowa, in the amount of \$49,659.

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

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-613 approving the contract and bond.

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

**HEARING ON AMES PUBLIC LIBRARY RENOVATION AND EXPANSION PROJECT:**

Acting Director Lynne Carey provided an update on the financial status of the Library Renovation and Expansion Project.

Ms. Carey reported on the eight bids that had been received. The low base bid was submitted as a joint venture by A&P/Samuels from Wausau, Wisconsin. City Attorney Marek stated that he and Assistant City Attorney Parks had reviewed the bid documents submitted by A&P/Samuels.

Mayor Pro-Tem Larson opened the public hearing. There being no one wishing to speak, the hearing was closed.

Moved by Wacha, seconded by Szopinski, to adopt RESOLUTION NO. 12-614 approving final plans and specifications and awarding a contract with all eight alternates to A & P/Samuels, a Joint Venture, of Wausau, Wisconsin, in the amount of \$12,543,350.

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

**HEARING ON REVISION TO MAJOR SITE DEVELOPMENT PLAN FOR SOMERSET**

**SUBDIVISION:** The hearing was opened by Mayor Pro-Tem Larson. Robert Friedrich, Jr., 14334 Manor Court, Leewood, KS, owner of property in Somerset located north of the intersection of Bristol Drive, stated that he was present to answer questions.

No one else came forward to speak, and the hearing was closed.

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-615 approving a revision to the Major Site Development Plan that combines two buildings into one for property addressed as 2321 Bristol Drive.

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

Moved by Davis, seconded by Goodman, to adopt RESOLUTION NO. 12-616 approving the Preliminary Plat.

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

**ORDINANCE SETTING SPEED LIMIT ON GRAND AVENUE:** Moved by Goodman, seconded by Davis, to pass on first reading an ordinance setting the speed limit on Grand Avenue.

Chief Cychosz clarified that the posted speed limit will not change. The ordinance will correct an inconsistency between the Iowa Department of Transportation and the *Ames Municipal Code*. Roll Call Vote: 6-0. Motion declared carried unanimously.

**ORDINANCE REZONING PROPERTY AT 1519 TOP-O-HOLLOW ROAD:** Moved by Davis, seconded by Orazem, to pass on second reading an ordinance rezoning property located at 1519 Top-O-Hollow Road from Agricultural (A) to Residential Low-Density (RL). Roll Call Vote: 6-0. Motion declared carried unanimously.

**ELECTRIC RATE ORDINANCE:** It is the City Council's policy to accept public comment on the first reading of an ordinance; however, since a letter from Electric Services had referenced commenting at this meeting, Mayor Pro-Tem Larson announced that the Council would hear from anyone wishing to speak.

Ken Kruempel, 2519 Timberland Road, Ames, acknowledged that he was not a customer of Ames Electric; however, his interest was on the part of his church and how it would be affected. He stated that his church will have a 9% increase in costs due to the new rate ordinance. Mr. Kruempel pointed out that the consultants had indicated that the new Rate Ordinance would be revenue-neutral; however, that cannot be substantiated because the new rates change the kilovolt-amp (KVA) demand. He explained the research that he had done on other utilities using KVA demand billing. Noting that many of Ames' customers will be greatly impacted, Mr. Kruempel urged the Council to carefully watch to see what happens to its customers as a result of the new Ordinance.

Moved by Goodman, seconded by Wacha, to pass on third reading and adopt ORDINANCE NO. 4130 setting electric rates.

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

**ORDINANCE ESTABLISHING SOUTHEAST 16<sup>TH</sup> STREET FIRST URBAN REVITALIZATION AREA:** Moved by Davis, seconded by Orazem, to pass on third reading and adopt ORDINANCE NO. 4131 establishing the Southeast 16<sup>th</sup> Street First Urban Revitalization Area.

Roll Call Vote: 4-2. Voting aye: Davis, Larson, Orazem, Wacha. Voting nay: Szopinski, Wacha. Ordinance declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

**ORDINANCE PERTAINING TO OFFENSE OF PUBLIC URINATION:** Moved by Davis, seconded by Orazem, to pass on third reading and adopt ORDINANCE NO. 4132 removing misdemeanor from *Municipal Code* Section 11.4, "Public Urination," so offense may be charged as misdemeanor or municipal infraction. Ordinance declared adopted, signed by the Mayor, and hereby made a portion of these Minutes.

**CITY COUNCIL BUDGET GUIDELINES:** Nancy Mastellar was introduced as the new Budget Officer. She succeeds Carol Collings, who had retired in October.

Finance Director Duane Pitcher, Budget Officer Nancy Mastellar, and City Manager Steve Schainker highlighted City budget issues that are anticipated to be of concern during the next fiscal year.

Mr. Pitcher advised that the City's overall financial situation remains strong in a generally slow economy. Assessed property valuations are expected to increase slightly. Fuel costs continue to be volatile and have a large impact on CyRide, causing additional expenses estimated at \$150,000 across all funds. Local sales tax revenue is expected to fall short of budget for the current year, and staff is not currently predicting an increase in the budgeted revenue for FY 2013/14.

According to Mr. Pitcher, the City ended FY 2011/12 better than budgeted with the General Fund balance at 25.5% of expenditures, up from 23.7% in the Adopted Budget. A little under half of the \$500,000 of excess balance will be offset by the expected reduction in local option sales tax revenue, but there will be some funds available for use in the current or future year. City Manager Schainker will recommend that the one-time available balances to fund one-time expenditures in the current year, including the possible purchase of capital items that would otherwise be approved in FY 2013/14. Modest fee increases will likely be needed for Building Inspections and rental registration for new software implementation. Modest increases in fees related to recreation activities also are expected.

The following issues were highlighted:

Airport. City Manager Schainker summarized discussions that City staff had had with Iowa State University President Leath. Mr. Leath had suggested that the City take time to visit other airports in college towns of similar size and learn how they successfully accomplished airport improvement projects. Public input sessions are currently underway with airport users regarding size and nature of a new facility. Given the amount of work that remains in designing the project, Mr. Schainker suggested that construction of the terminal building not occur until FY 2014/15.

Library Expansion. The FY 2012/13 budget includes debt service for \$4.5 million of the \$18 million of General Obligation Bonds approved by a referendum for the library project. Based on current year valuations and interest rates, the issuance of the remaining \$13.5 million in bonds will increase the City property tax rate by approximately \$0.41/\$1,000 in taxable valuation. This would bring the total incremental property tax rate to fund the library project to around \$0.55/\$1,000 in taxable valuation or slightly under the forecasted \$0.61. Depending on the construction schedule, the issuance of the remaining bonds may be spread over two years; however, a large portion is expected in FY 2013/14.

Fire and Police Retirement and IPERS. The City has received notification that the Municipal Fire and Police Retirement System of Iowa (MFPRSI) Pension Board approved an employer contribution rate of 30.12% of covered salary for FY 2013/14. The estimated impact of the rate increase is \$325,000 in additional property taxes. Unlike IPERS, the employee contribution rate to the MFPRSI is fixed, so the employer pays 100% of additional costs of funding the plan.

Council Member Wacha called this a “travesty,” in that the State of Iowa determines the benefits of the pension system, but does not contribute. The beneficiaries contribute a fixed amount and property taxpayers pick up the remainder of pension costs.

Regarding IPERS, the estimated additional cost of the increase to IPERS will be \$50,000, though the property tax impact will be a much smaller amount since many employees are funded by other sources.

Health Insurance. The City has had several years of health insurance increases around 5%/year due to favorable claims experience and implementation of health insurance program changes recommended by the City Health Insurance Team. Less favorable recent claims experience and some additional costs related to the Patient Protection and Affordable Care Act will result in the FY 2013/14 health insurance rates budgeted to increase by 8% or about \$455,000 across all funds. The status of the plan will be reviewed after the end of December and may need to consider a larger increases.

Rollback and Valuation. For FY 2013/14, residential property will be taxed at 52.8166% of assessed value, up from 50.7518% in FY 2012/13. Commercial and industrial property will continue to be taxed at 100% of assessed value. The change in the residential rollback rate will result in a 2.3% increase in taxable valuation or \$520,000 in additional tax revenue at the FY 2012/13 property tax rate. Though the new property valuations for FY 2013/14 are not yet available, no more than a small increase in taxable valuation is expected.

Local Option Sales Tax. For the current year, local option sales tax receipts are expected to be \$6,655,355, down \$349,151 or 5% from the Adopted Budget. The planned reconciliation payment from last year was not as much as expected. At this point, it is predicted that the Local Option Sales Tax Revenue for FY 2013/14 will be flat at \$7,004,506, which will not result in any increase in the budgeted amount. This means that there will be no increase in the amount of local of Option Sales Tax available for property tax relief or community betterment in FY 2013/14.

ASSET Human Services Funding. Management Analyst Brian Phillips brought the Council’s attention to a summary of ASSET requested increases and recommended increases dating back to 2009/10. For 2013/14, total City ASSET funds requested by agencies equal \$1,221,060, up \$70,782 over the current 2012/13 allocation, which is an increase of 6.2%. Last year’s increase was 3.5% over the previous year. The City’s allocation for 2012/13 was \$1,150,278.

Discussion ensued about new ASSET agencies: Salvation Army, HIRTA, and Eyerly Ball. Comments were made that the City ensure that there is no duplication of services and that the other funders pay their share.

Mr. Phillips pointed out that Council will see the requests after the ASSET volunteers make the decisions on whom to fund and in what amount.

Moved by Goodman, seconded by Wacha, to increase the City’s ASSET allocation by 3%.

Council Member Wacha requested that staff provide a table summarizing the Local Option Tax Revenues and requests, so to ensure that the City spends no more than what it brings in. Council Member Larson suggested that the Council determine the amount of fund balance that it wants

to retain in the Local Option Tax Fund. He pointed out that the Council should do all it can to increase retail sales in the City so as to grow the Local Option Sales Tax revenues.

Council Member Larson suggested that the City encourage discussion at the Joint Funders' Meeting on December 13, 2012, to change the process so that there is not such a tight schedule and that all the funders pay their fair share. Mr. Phillips explained that at that meeting, all funders indicate what percentage of funding increase, if any, they are proposing.

Moved by Davis, seconded by Szopinski, to request that discussion occur about the funding process at the Joint Funders' Administrative Team meeting and reported to the City Council at its December 11, 2012, meeting, if possible.

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

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COTA Performing Arts Funding. The COTA allocation for FY 2012/13 was \$138,117, which was 5% higher than FY 2011/12 of \$131,540. COTA organizations have requested funding in the amount of \$172,230 for FY 2013/14 (including special Spring and Fall Grants) or a 25% (\$34,113) increase over the FY 2012/13 Budget. For FY 2012/13, the organizations' requests totaled \$155,150 to provide a comparison.

Assistant City Manager Melissa Mundt advised that there are two new groups that have applied for COTA funds for FY 2013/14: the India Cultural Association (\$3,000) and Stars Over VEISHEA (\$7,500).

Moved by Davis to increase COTA funding by 5%. Motion died for lack of a second.

Moved by Goodman, seconded by Davis, to increase COTA funding by 2%.

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

Utility Rates. The City is in the process of completing four critical studies related to electric power generation, sanitary sewer (distribution and treatment), Resource Recovery processing, and flood mitigation options. It is highly probable that final decisions regarding the recommendations from those studies will not be made by the City Council before the recommended CIP goes to print in early January. Therefore, the CIP might have to be modified once final decisions are made by the City Council. Implementation of the recommendations of these studies is likely to require utility rate increases greater than previously projected.

Electric. The City is in the process of conducting a resource option analysis to help the City Council determine how its Electric Utility will best meet the new federal pollution regulations. The proposed CIP will assume that the status quo is being maintained and will reflect most of the projects reflected in the previous Plan.

Storm Sewer/Flood Mitigation. A study is currently underway to identify cost-effective strategies to accomplish the Council's goal to mitigate flooding related to damage caused by river flooding as well as from damage from overland flow from storm water. The proposed CIP will not include any of the projects; however, when identified, financing for the projects will most likely come predominately from G. O. Bond debt financing. In terms of storm water projects, the largest project will impact the Teagarden watershed. That one project, along with numerous other improvements, will total \$4,100,000 over the next five years. It is probable that a significant increase in the Storm Sewer Utility Fund or property tax supported debt service will

be necessary to meet the needs and even more if the study identifies other storm sewer related problems.

Water. The future customer rates for the Water Utility will be driven primarily by the costs related to the construction and operations for the new Water Treatment Facility.

Sanitary Sewer. The Water Pollution Control Plant is 22 years old, and a study was conducted to determine the improvements needed to maintain the facility for the next 20 years. Preliminary results indicated an investment of an additional \$14 million is needed. A study regarding the sanitary sewer distribution system identified an immediate need for \$9 million of improvements to mains.

Resource Recovery. The time has come to consider the next phase in the RDF process. The City is currently exploring transforming garbage from a solid to a gas in the hope that that will reduce operating costs and provide flexibility in incorporating it into a fuel source for the City's electric boilers. Because the study is not yet complete, the CIP will assume the status quo. In addition, the Resource Recovery Utility ended FY 2011/12 approximately 10% under budgeted revenue. It is likely that significant adjustments to budgeted revenue will need to be made. There is a strong fund balance, which will allow time to make adjustments as needed.

Road Conditions/Road Use Tax Fund. It is expected that the Road Use Tax revenue will be at the budgeted amount for FY 2012/13 and to increase by 2.7% for FY 2013/14 with some potential for additional revenue through TIME-21 funding and vehicle registration fees. The forecasts do not assume any changes in the Fuel Tax rate.

CyRide. The new Federal Transportation law virtually eliminated capital grants; therefore, beginning with the 2013/14 Budget. CyRide will need to transfer more dollars from its operating budget into its capital budget to accumulate funds to purchase buses, equipment and repair CyRide's facility. Ridership is expected to continue to increase, exceeding 6 million rides. The CyRide Board is currently projecting a 5% increase in funding for the upcoming year with no change in service levels.

Intermodal Facility. Mr. Schainker pointed out that the City received \$8 million in federal funding for the new Intermodal Facility in Campustown. He reminded the Council that if the Facility does not break even, he and Warren Madden, Vice-President for Business and Finance at Iowa State University, would need to determine how the deficit will be resolved. At this time, ISU officials are projecting expenditures to exceed revenues by approximately \$34,000. Most of that is due to fewer long-term leasing of the more expensive covered parking spaces than anticipated. If that holds true to the end of June 2013, the City will need to subsidize the operation by approximately \$17,000; at that time, Council will have to determine where the funds will come from to cover the deficit.

Funding Requests from Outside Organizations. Management Analyst Phillips asked for Council direction on what entities should be included in the proposed budget.

Council Member Davis recalled the conversation over the request from the VEISHEA Committee funding for its pancake feed. The City had been told that a fee of \$5/person was actually being charged. He would like to see much more documentation.

Moved by Davis, seconded by Goodman, to plug in the requests of the entities in the amounts being requested in the Recommended Budget, as follows:

<u>Entity</u>	<u>2012/13 Funding</u>	<u>2013/14 Requested</u>
Ames Historical Society	\$ 16,000	\$ 17,000
Ames Partner Cities Association	5,000	5,000
Campustown Action Association	25,000	25,000
Economic Development Commission		2,200
Hunziker Youth Sports Complex	25,000	25,000
ISU Homecoming	1,000	1,000
Main Street Cultural District	31,000	33,000
VEISHEA	8,000	8,000
<b>TOTAL</b>	<b>\$ 111,000</b>	<b>\$ 117,200</b>

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

Service Level Increases/Decreases. City Manager Schainker asked the City Council if there were any increases/decreases in service levels it would like to contemplate in the future.

Council Member Larson noted the improvements already being made in the Inspections Division to improve customer service and staff responsiveness. He did not believe it was necessary to spend \$250,000 on new software in these challenging financial times.

Council Member Davis suggested that staff come up with ways to streamline fuel costs and look for ways to become more efficient.

Council Member Goodman asked for a comparison of Local Option Sales Tax Revenues between last year and this year.

Council Member Orazem suggested that the City review the installation of outdoor wireless connection sites; some of the outdoor sites might not be needed.

**COUNCIL COMMENTS:** Moved by Larson, seconded by Wacha, to direct staff to have a discussion with the Public Art Commission on possible artwork projects at the new Water Treatment Plant.

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

**ADJOURNMENT:** Moved by Davis to adjourn the meeting at 11:40 p.m.

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Diane R. Voss, City Clerk

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Ann H. Campbell, Mayor