

MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

NOVEMBER 15, 2022

The Special Meeting of the Ames City Council was called to order by Mayor John Haila at 6:00 p.m. on the 15th day of November 2022, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law. Present were Council Members Bronwyn Beatty-Hansen, Gloria Betcher, Tim Gartin, and Rachel Junck. Council Member Anita Rollins joined the meeting telephonically. *Ex officio* Member Bryce Garman was absent.

WORKSHOP ON CLIMATE ACTION PLAN: Assistant City Manager Deb Schildroth introduced the project team for the Climate Action Plan, which consisted of herself, Public Relations Officer Susan Gwiasda, Director of Electric Services Donald Kom, and Sustainability Coordinator Merry Rankin, as well as consultants from Sustainability Solutions Group (SSG) Naomi Devine, Eric Frenette, and Yuil Herbert. She highlighted several City staff members were also present at the meeting who were instrumental in pulling together the information for the staff report, noting they would be available for questions when it came time for staff to present the report.

Ms. Devine presented the project overview, showcasing the Plan is currently in the implementation planning process, which the City of Ames staff report will inform. She stated the Climate Action Plan has been adaptive and responsive to the needs of the City of Ames. She focused on the next steps to further the climate action plan before Mr. Frenette presented the review of results for the project modeling. Mr. Frenette stressed the model did not meet the ambitious goal of an 83% reduction by 2030, rather a 70% reduction was achieved with a 94% reduction by 2050. This would result in greenhouse gas emissions (GHG) of 4.8 tonnes per capita by 2030 and 0.8 tonnes per capita by 2050. Mr. Frenette emphasized the limitations of the model were seen in the transportation sector as well as the result of grid electricity and waste emissions still in the system.

The detailed financials of each action were reviewed by Mr. Frenette. He highlighted the capital cost of \$2.4 billion which would be matched by \$1.5 billion in savings for a net cost of \$900 million. Mr. Frenette paired the detailed financials by the year-over-year incremental investment and returns as an explanation of how to get over the upfront costs of the Plan, noting a financing strategy is key to unlocking future savings. He presented the key takeaways:

- The costs are for the whole community
- The City of Ames' primary role is not to pay for the totality of each action, but rather provide support, education, and incentives
- The creation of an implementation strategy will cover funding opportunities and program design along with immediate next steps
- The City of Ames needs to be adaptable and opportunistic to succeed

Ms. Devine added that having a Climate Action Plan completed and adopted is often a precursor to funding from other partners or levels of government.

Mr. Frenette introduced the Inflation Reduction Act (IRA), which marked the single largest investment in climate and energy in American history and discussed how it can impact funding for the Plan. He highlighted retail costs of electricity are expected to decline 5.2-6.7% over the next decade, saving electricity consumers \$209-278 billion, meaning the average household will experience approximately \$170-220 in annual savings. Mr. Frenette stated the conservative assumption of a 45% increase in electricity rates in line with the current market conditions for renewable energy were used for the modeling; however, through the IRA, those rates should actually be expected to decrease. He presented on the energy security and geopolitics, including the 2022-23 forecasting, leading to the discussion of the major impact of energy prices on the cost of the Plan.

Council Member Amber Corrieri entered the meeting at 6:25 p.m.

Mr. Frenette reviewed the Six Big Moves and reviewed what was modeled for each.

1. Building Retrofits – Mr. Frenette stated the following actions would result in emission reductions of 3,151 kt and a cumulative reduction of 15%, resulting in a net cost of \$927 million. He presented a financial model from Ithaca, New York to help combat the high upfront cost, which was the subject of an ensuing robust discussion.
 - 90 % of building retrofit by 2035
 - All municipal buildings retrofit by 2030
 - Air-source heat pumps added to all buildings by 2040
 - Hot water heating systems replaced with electric by 2040
2. Net-Zero New Construction – Mr. Frenette noted the following actions would result in emission reductions of 578 kt and a cumulative reduction of 3% at a net cost of \$180 million:
 - All building constructed in 2026 and after would be net-zero ready
 - Passive house standard by 2030 in residential and commercial buildings of 15 kmh/m²
 - All municipally owned building would be net-zero ready beginning in 2023 and passive house by 2025
3. Renewable Energy Generation – Mr. Frenette explained that the following actions would result in the largest emission reduction of 10,000 kt and a cumulative reduction of 47% at a net cost of \$848 million.
 - Max out rooftop solar potential at 200 megawatts (MW)
 - 50 MW solar farm by 2025, additional 50 MW by 2030, and an additional 200 MW between 2035 and 2045
 - 20 MW wind farm by 2026
 - Home-scale battery storage added to every home when an electric vehicle is acquired
4. Reducing Vehicle Emissions – Mr. Frenette reviewed the following actions would result in emission reductions of 933 kt and a cumulative reduction of 4% at a net savings of \$957 million. He noted the savings are due to the reduced energy use of electric vehicles, which are three to four times more efficient in their energy use than traditional internal combustion engines, and reduced maintenance costs for vehicles.
 - All light- and medium- duty vehicles sold in 2030 would be zero emission vehicles

- All heavy-duty vehicles sold in 2030 and after are electric
 - Between 2023 and 2030, the proportion of biodiesel used increases by 5% each year
 - Electrification of transit
5. Increasing Active Transportation and Transit Use – Mr. Frenette discussed the following actions, which would result in emission reductions of 662 kt and a cumulative reduction of 3% at a net savings of \$662 million
- 10% of trips in the City of Ames completed using transit by 2050
 - 17 busses replaced with electric by 2027 with remaining buses replaced at the end of lifecycle
 - 40% of trips under 1.25 miles completed by walking, 25% of trips 1.25 miles to 3 miles completed by biking by 2050
 - Bike and car share programs
6. Reducing Waste Emissions – Mr. Frenette shared the following actions, which would result in emission reductions of 726 kt and a cumulative reduction of 3%
- Waste decreased by 20% per household at the source by 2030 and 50% per household at the source by 2050
 - 50% of commercial waste diverted at the source by 2030
 - 90% of organics and food waste diverted by 2028
 - 90% of glass, metal, paper, cardboard, and other paper products recycled by 2028

After the conclusion of the presentation, City Council Members prompted discussion regarding accessibility of active transportation, ease of net-zero new construction, electric and biodiesel fueling options for the City’s fleet, and items factored into cost estimates. Assistant City Manager Deb Schildroth then turned the City Council’s attention to the staff report. She emphasized it is clear from the modeling the ambitious goal set by the City Council to reduce emissions by 83% by 2030 over 2018 levels and to reach net-zero by 2050 is not achievable, thus staff is looking at each action step and discussing ways the City can progress.

Assistant City Manager Schildroth emphasized the Climate Action Plan is a carbon reduction strategy for the total community, and not just for the City organization. As such, the City is not expected to fund every action step, but rather provide support to achieve the actions in other forms such as education and guidance. Ms. Schildroth noted the City Council will need to decide what level of incentives, if any, should be paid by the City. The less incentives that are offered, the greater the savings that will be realized by the City; however, the more incentives that are provided by the City, the greater are the chances for voluntary participation in our carbon reduction action steps.

The eight criteria offered by the Staff for this analysis included:

- Cost – cost of investment; gain on investment; marginalized abatement cost
- Amount of Administrative Effort Needed
- Feasibility of Achievement
- Legal Feasibility
- Funding Sources
- Impact on Residents in Terms of Property Taxes, Utility Rates, etc.
- Impact on Inclusion

- Cost Compared to the Tonnage of Carbon Reduced

Assistant City Manager Schildroth discussed rooftop solar, noting that the rooftop solar program prevents the electric utility from collecting enough revenue to pay for the fixed costs of serving the customer such as for transmission, transformers, distribution, and labor. Therefore, the remaining customer base is subsidizing the property owners who install rooftop solar systems. City Manager Steven Schainker noted the current system of incentivization, highlighting that the City Council could consider increasing the \$300/kW rebate to a higher amount from the Electric Service's Demand Side Management budget and eliminate the net metering incentive. This change would allow the property owner to realize savings much earlier and, therefore, hopefully incentivize more installations. The City Council Members engaged in conversation with City Manager Schainker and Electric Services Director Donald Kom regarding funding options, incentives, and utility rate adjustments that would be needed to create a successful rooftop solar program.

In regard to new building construction, explained Assistant City Manager Schildroth, the State legislature has negated the City's ability to establish requirements that exceed the State's adopted Energy Code or prohibit the sale or use of natural gas. However, for new construction, the City could negotiate with developers at the time of annexation or through contract rezoning a commitment to net-zero readiness and passive home design. In addition, the City could establish new zoning standards for specific design features of a building that support both being net-zero ready and passive building design. Staff discussed with the City Council Members and the consultants how to overcome the roadblock of funding through tax abatement and lacking expertise in the field of net-zero new construction, highlighting the possibility of a partnership with local community colleges to develop a career program.

Assistant City Manager Schildroth reviewed adding more ground mounted solar and/or wind generation to the Electric Services portfolio is the least complicated, least labor intensive (as it relates to staffing needs) and least expensive in terms of effectiveness in carbon reduction. Furthermore, the Staff has previous experience successfully negotiating Purchase Power Agreements for wind and solar energy, she explained. Director Kom walked through Midcontinent Independent System Operator, Inc. (MISO) requirement regarding generation capacity, noting the capacity is based on the peak demand set in July of 2012, and how it would affect storage for energy generated from ground mounted solar and/or wind. The City Council Members employed further discussion, focusing on demand, generation, capacity, and storage for the electric utility.

Approximately 91% of the net costs needed to meet the City Council's climate action goals are associated with these community entities, stated Assistant City Manager Schildroth. She explained these community entities include other electric utilities within the Ames city limits; other local, state, and federal entities within the Ames city limits; and private homes, commercial buildings, and industrial buildings. An important next step would be for the Mayor to create a Community Climate Action Task Force with leaders from the primary community groups in an effort to reach agreement regarding how each entity will commit to reaching the City Council's goals. The City Council also expressed two important values; environmental sustainability and inclusion. The addition of financial incentives for community entities, expenditures for Electric Services infrastructure, and improvements to the Municipal buildings and fleet will result in significant

increases in electric rates and property taxes, explained Ms. Schildroth. While these increases would have the greatest impact on our lower income residents, these costs will affect residents. Therefore, as the implementation strategy is pieced together for the Climate Action Plan, it is important the City Council attempts to balance their two values.

After considering the estimated price tag, explained Ms. Schildroth, the lack of adequate technology needed for some of the action steps, and the legal obstacles that impact the ability to pursue all the 29 action steps at this time; a more relevant, achievable, and cost-effective carbon reduction strategy is needed to initially implement the Climate Action Plan. Assistant City Manager Schildroth reviewed the priorities as identified by staff for the Initial Implementation Plan, taking time to briefly discuss each item:

- Increased Wind and Solar Generation as Part of Electric Services Portfolio
- Waste to Energy Improvements/Reducing Waste Emissions
- New Construction
- Retrofit Existing Buildings (Pilot Program)
- Retrofit Municipal Buildings
- Electrify the Municipal Fleet (Non-CyRide)
- Create a Mayor’s Climate Action Plan Leadership Task Force

The City Council engaged in thoughtful communication with CyRide Director Barb Neal and Fleet Services Director Corey Mellies regarding electrifying the municipal fleet and the available options for electrifying the CyRide fleet, while also discussing the possibility of introducing B100 to more City vehicles including CyRide busses. Director Neal and Director Mellies reviewed the limitations and funding options, highlighting that advancements in technology are needed to address current logistic issues.

Robust discussion continued and clarifying questions were provided thorough responses. Mayor Haila emphasized that no Public Input would be entertained at the meeting; however, public feedback would be sought as part of the Implementation Plan. City Manager Schainker added that the material presented at the meeting was for information only and the City Council was not being asked to provide direction, but rather to consider what staff had presented to help inform their decisions at a later Climate Action Plan workshop.

DISPOSITION OF COMMUNICATIONS TO COUNCIL: Mayor Haila noted there were no items to consider.

COUNCIL COMMENTS: Council member Beatty-Hansen noted a request was received regarding the lighting at Bandshell Park.

Moved by Beatty-Hansen, seconded by Betcher, to light the Bandshell for Transgender Awareness Week for this year and future years.

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

Council Member Junck thanked City staff for their time and efforts in putting together the report, especially as many of the details are not definite yet. She noted she is looking forward to gathering input from the community.

Council Member Betcher shared thanks to staff, noting the report was interesting and enlightening in a lot of ways. She reiterated the City Council should be thinking about the small things too because every step forward is a step forward.

Council Member Rollins echoed thanks to staff for their work and continuing to move the City forward on the Plan.

Mayor Haila announced the City Council would hold a short telephonic meeting on Friday, November 18, 2022, at 8:30 a.m. regarding the agreement with Union Pacific Railroad for the 24th Street Crossing Maintenance and Construction.

ADJOURNMENT: Moved by Betcher, seconded by Beatty-Hansen, to adjourn the meeting at 8:30 p.m.

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

Carly M. Watson, Deputy City Clerk

John A. Haila, Mayor

Renee Hall, City Clerk