

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

AMES, IOWA

OCTOBER 2, 2024

The Special Meeting of the Ames City Council was called to order by Mayor Pro Tem Amber Corrieri at 6:00 p.m. on the 2<sup>nd</sup> day of October, 2024, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law. Present were Council Members Bronwyn Beatty-Hansen, Tim Gartin, and Rachel Junck. Council Members Gloria Betcher and Anita Rollins joined the meeting electronically. *Ex officio* Emily Boland was absent.

**HEARING ON AMENDMENT TO CHAPTER 28, DIVISION I, TO CORRECT SMALL COMMERCIAL ENERGY RATE:** Director of Electric Services Donald Kom noted that the amendment was a correction to a typographical error in the winter rates for small commercial customers.

Moved by Beatty-Hansen, seconded by Junck, to pass on first reading an Ordinance amending Chapter 28, Division I, to correct Small Commercial Energy Rate.

Roll Call Vote: 6-0. Motion declared carried unanimously.

Moved by Gartin, seconded by Beatty-Hansen, to suspend the rules to allow second and third reading and adoption of ORDINANCE NO. 4540 amending Chapter 28, Division I, to correct Small Commercial Energy Rate.

Roll Call Vote: 6-0. Motion declared carried unanimously.

Moved by Beatty-Hansen, seconded by Junck, to pass on second and third readings and adopt ORDINANCE NO. 4540 amending Chapter 28, Division I, to correct Small Commercial Energy Rate.

Roll Call Vote: 6-0. Motion declared carried unanimously.

**UPDATE ON DOWNTOWN AMES REINVESTMENT DISTRICT FINAL APPLICATION AND LINC DEVELOPMENT PROJECT:** Director of Planning and Housing Kelly Diekmann reviewed the history of the Downtown Ames Reinvestment District, explaining that the City submitted a preapplication to the Iowa Economic Development Authority (IEDA) in 2021. The projects included were the Fitch Family Indoor Aquatic Center, Steven L. Schinker Plaza, and the Linc. The preapplication received a preliminary award of up to \$10 million in sales and hotel/motel taxes to be rebated to the City over 20 years to be used for approved development projects within the district. In October 2022, the City Council reviewed proposed details for the Linc and provided staff with direction for negotiating the development agreement. Changes in the market since that time rendered the original proposal financially infeasible. Thus, the developer modified the project and identified a new development partner.

This item had returned to the City Council, explained Director Diekmann, because the IEDA required that a final application be submitted by October 4<sup>th</sup> for the City to remain eligible for the rebated sales and hotel/motel taxes through the program. Updates in this final application included a revised description of the Linc project, its mix of uses, and schedule. Director Diekmann emphasized that the matter before the City Council was not approval of the Linc project itself;

rather, it was authorizing continued pursuit of the Reinvestment District funding with the mix of uses and schedule in the current Linc proposal. Assistant City Manager Brian Phillips assured the City Council that authorizing the application did not obligate the City to keep moving forward if a satisfactory development agreement could not be reached in early 2025. Director Diekmann confirmed for Council Member Gartin that the City planned to use any rebated taxes from a successful application to defray the costs of constructing the Fitch Family Indoor Aquatic Center.

Director Diekmann presented the changes to the Linc project from the original proposal. Instead of an office building, the current plan included a greater number of residential units. Parking for the project shifted from an off-site parking structure to podium-style on-site parking. The pedestrian bridge across the railroad tracks remained. The project still included a hotel, but the conference center from the original proposal was eliminated. Another significant change was that the project was now scheduled across three phases rather than two. Phase 1 included a mixed-use residential and retail building, expected to be completed in 2026, and the hotel, with expected completion in 2027. Phases 2 and 3 featured more residential and retail space, with the last building completed by 2030. Any deviations from this schedule would require the consent of the IEDA to avoid reduction in awarded funds. Director Diekmann also noted that the developer still requested tax-increment financing (TIF) incentives from the City Council, but the current proposal split the TIF across the three phases.

Council Member Beatty-Hansen inquired about the differences in the TIF assumptions in the current proposal as compared to the original version. Director Diekmann noted that both versions included TIF incentives for the developer, but the specific amount had not been finalized. The proposal in the application assumed a 100% incentive over 20 years, but approving the application would not commit the City Council to any specific incentives, as those details would be finalized in the development agreement. He clarified that the total amount of the TIF incentive was higher in the original proposal because the taxable value of the mix of uses was greater. It was also noted that the change to three phases benefited the full collection of TIF.

Council Member Betcher asked about the possibility of connecting the pedestrian bridge to a parking structure in the future. Director Diekmann confirmed that it would be placed to allow for that possibility. Council Member Betcher inquired whether the added residential units would require greater building heights. Director Diekmann clarified that the removal of the office building allowed for the development to feature buildings of a uniform five-to-six stories atop podium parking. Council Member Betcher then inquired how the changes to the project might impact the final IEDA scoring and award. Director Diekmann noted that there was no guarantee that the City would still be awarded the full amount. However, his understanding was that the IEDA's focus was on the hotel and commercial space rather than the parking garage and conference center, as only the former elements generated sales and hotel/motel taxes. Council Member Gartin wondered how the City would be impacted if the IEDA reduced or eliminated the preliminary award. Director Diekmann explained that the financing for the Fitch Family Indoor Aquatic Center did not rely on the IEDA funding, but if received, the funding would be used to reduce the burden to taxpayers.

Council Member Gartin inquired whether the changes to the project were significant enough that staff required new direction from the City Council regarding development agreement negotiations.

Director Diekmann stated that the direction provided in October 2022 regarding TIF structure, housing affordability, and more remained sufficient to guide staff moving forward.

Council Member Beatty-Hansen asked what would happen if the development stalled or failed after Phase 1. Director Diekmann explained that any taxes that had been collected for the City up to that point would be retained, but the IEDA could reduce the total amount for which the City is eligible if the project did not perform according to the schedule in the application.

Moved by Gartin, seconded by Betcher, to approve RESOLUTION NO. 24-530 approving submittal of final application to Iowa Economic Development Authority.

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

**COUNCIL COMMENTS:** Council Member Gartin shared that the EcoFair event on Saturday, September 28, was successful and thanked staff for making it happen.

Council Member Rollins noted that the open house for the new Habitat for Humanity homes in the Baker Subdivision on Saturday was also a successful event.

**ADJOURNMENT:** Moved by Beatty-Hansen, seconded by Gartin, to adjourn the meeting at 6:33 p.m.

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

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Jeremy Neefus, Principal Clerk

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John A. Haila, Mayor

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Renee Hall, City Clerk