



TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Bee Branch Watershed Flood Mitigation Project, State Flood Mitigation Board Funding Agreement

DATE: January 29, 2014

Civil Engineer Deron Muehring is requesting City Council adoption of a resolution authorizing the City's use of \$98,494,178 in sales tax increment funds for the Bee Branch Watershed Flood Mitigation Project and authorizing the execution of an agreement with the Iowa Flood Mitigation Board required for the City's receipt of the \$98,494,178 in sales tax increment funds.

No doubt the crown jewel of this year's five-year capital improvement program budget is the impact on flooding problems in the Bee Branch Watershed.

The City of Dubuque was recently awarded \$98.5 million from the Iowa Flood Mitigation Board in the form of state sales tax increment financing spread over the next 20 years. When combined with other state and federal grants and local donations, the City has received over \$127 million to help fund this \$179 million (\$201 million including interest on debt) project to save 1,373 homes and businesses from flooding. These 70 businesses employ over 1,400 people and have over \$500 million in annual sales.

The Bee Branch Watershed Flood Mitigation project is a multi-phased, fiscally responsible investment to mitigate flooding, improve water quality, stimulate investment, and enhance quality of life within the Bee Branch Watershed and thereby improve the quality of life throughout the community.

The Bee Branch Watershed area encompasses historic neighborhoods offering some of the community's most affordable workforce housing. This area is also hit hardest by flash flooding during significant rain events with much more than "just a little water in the basement."

Too frequently, it is flooding that inundates water heaters, furnaces, and electrical boxes, and can cause fires. It rushes down streets from curb to curb – stalling vehicles, stranding motorists, displacing manhole covers, and damaging pavement, water mains, and stormwater and sanitary sewers.

Flood disasters have repeatedly impacted residents and employees of the businesses within the watershed. Between 1999 and 2011, six presidential disasters were issued, with total damage estimates of almost \$70 million.

The flooding in the Bee Branch Watershed also has had a major impact on public infrastructure and City services both within and outside the flood-impacted area. Direct public sector costs include emergency response activities, street and utility infrastructure repairs, and debris clean-up and removal. The disruption of essential City services and street closures due to flooding and damage also has a negative economic impact on the entire community.

The Bee Branch Watershed Flood Mitigation Construction Project will prevent an estimated \$582 million in damages over the 100-year design life of the project and create an incentive for individuals and businesses to reinvest in this vital area of our community.

The Dubuque City Council has made infrastructure projects a high priority and the City of Dubuque is committed to the Bee Branch Watershed Flood Mitigation Project, a multi-faceted approach to addressing the severe and frequent flash flooding experienced in the watershed.

\$98.5 million is the largest amount ever awarded to the City of Dubuque and will enable the City to implement its comprehensive flood mitigation plan much sooner than previously anticipated at a lower cost to Dubuque citizens and businesses. The 12 project phases will reduce the volume of stormwater, slow the rate of stormwater through the upper watershed, increase the safe conveyance of stormwater through the flood-prone area, and provide floodwater protection to the City's water treatment plant on Hawthorne Street.

Bee Branch Watershed Flood Mitigation Project Phases

Phase	Status	Cost
Phase 1: Carter Road Detention Basin	Completed in 2003	\$1,076,315
Phase 2: West 32nd Street Detention Basin	Completed in 2009	\$4,158,589
Phase 3: Historic Millwork District Complete Streets	Completed in 2012	\$7,977,311
Phase 4: Lower Bee Branch Creek Restoration	Est. Completion - 2014	\$21,274,685
Phase 5: Flood Mitigation Gate Replacement	Est. Completion - 2015	\$2,099,000
Phase 6: Impervious Surface Reduction (Alley Reconstruction)	Est. Completion - 2033	\$57,420,000
Phase 7: Upper Bee Branch Creek Restoration	Est. Completion - 2016	\$64,823,636
Phase 8: 22nd St. Storm Sewer Capacity Improvements	Est. Completion - 2020	\$3,380,000
Phase 9: Flood Mitigation Maintenance Facility	Est. Completion - 2020	\$4,360,000
Phase 10: North End Storm Sewer Capacity Improvements	Est. Completion - 2019	\$1,160,000
Phase 11: Water Plant Flood Protection	Est. Completion - 2020	\$3,800,000
Phase 12: 17th St. Storm Sewer Capacity Improvements	Est. Completion - 2020	\$7,520,000
	Total cost, excluding interest on debt:	\$179,049,536

A watershed is an area of land that drains to the same place. The Bee Branch Watershed drains to the Bee Branch Creek. The Bee Branch Watershed is located entirely within the City limits of Dubuque and covers approximately 6.5 square miles of Dubuque's total area of 29 square miles. This watershed area includes the City's most developed areas, where over 50% of Dubuque residents either live or work.

Authorized under the Flood Mitigation Bill in 2012, the Flood Mitigation Program is administered by the Iowa Department of Homeland Security on a competitive basis by a citizen board that began accepting applications in November 2013. It is funded by a portion of state sales tax revenues. The program provides funding to cities and counties to implement long-term flood mitigation projects. Specifically, the funds are an annual sales tax increment, or a percentage of the increase in state sales tax revenue generated within the city or county.

Dubuque's current stormwater utility rate is \$5.60 per month for the average single-family home in Dubuque. (Properties that are exempt from property taxes, such as non-profits, only pay 50% of the stormwater fee, as do low-income individuals). Due to the costs associated with maintaining the current stormwater management system and implementing the Bee Branch Watershed Project over the next 20 years, the City is projecting annual increases to the stormwater utility rate to reach \$9.00 per month on July 1, 2021. Prior to the state grant program, the rate was projected to rise to \$9.00 per month on July 1, 2016, and the improvements would have taken 50 years or more. With the state grant, they will be completed in 20 years, with most completed over the next six years. The protection will be provided sooner at a lower cost to Dubuque residents and businesses.

The Bee Branch Watershed Project is a 12-phase, 20-year construction project to address stormwater management issues throughout the entire Bee Branch Watershed area, which stretches approximately from the Mississippi River west past John F. Kennedy Road, north to the Northwest Arterial, and south to West Fifth Street. The Bee Branch Creek Restoration is two of the phases of the watershed project and is scheduled to be completed in 2016.

This project will impact the debt structure of the City, as most of the project will be accomplished through the issuance of debt, through a combination of State Revolving Loan Funds (SRF) and general obligation debt issuances, with payments abated by the State Sales Tax Increment awarded to the City by the State of Iowa Flood Mitigation Board and the City's Stormwater Utility Fee.

The City worked closely with the Iowa Department of Homeland Security and their staff on this project and the associated funding. Our program officer is Carol Tomb, who has done an exceptional job dedicating many extra hours and taking several trips to Dubuque to help Dubuque be successful in this application process.

I concur with the recommendation and respectfully request Mayor and City Council approval.



Michael C. Van Milligen

MCVM:sv

Attachment

cc: Barry Lindahl, City Attorney
Cindy Steinhauer, Assistant City Manager
Teri Goodman, Assistant City Manager
Jennifer Larson, Budget Director
Gus Psihoyos, City Engineer
Deron Muehring, Civil Engineer
Laura Carstens, Planning Services Manager
Randy Gehl, Public Information Officer
Alexis Steger, Confidential Account Clerk
Mark Schneider, ECIA-Community Development and Public Services Director
Nicole Turpin, ECIA-Regional Planning Coordinator