

**TO:** The Honorable Mayor and City Council Members

**FROM:** Michael C. Van Milligen, City Manager

**SUBJECT:** Proceedings to Hold Public Hearing on the Issuance of Not to Exceed \$18,000,000 Storm Water Utility Revenue Capital Loan Notes (State Revolving Loan Fund Program) for Upper Bee Branch Creek Railroad Culverts Project and Midtown Transfer and Catfish Creek Watershed Pervious Alley Construction Sponsorship Project

**DATE:** February 13, 2019

Finance Director Jean Nachtman is recommending City Council approval of the suggested proceedings for the public hearing on the issuance of Stormwater Utility Revenue Capital Loan Notes (State Revolving Loan Program) prepared by Bond Counsel and to present a resolution for City Council to adopt entitled "Resolution Instituting Proceedings to Take Additional Action for the Authorization of a Loan and Disbursement Agreement and the Issuance of Not to Exceed \$18,000,000 Stormwater Management Utility Revenue Capital Loan Notes."

Over 60% of Dubuque residents live or work in the Bee Branch Creek Watershed. There have been six Presidential Disaster Declarations related to flooding in this watershed since 1999. The Upper Bee Branch Creek Railroad Culverts Project (Project) represents the final contract associated with the Bee Branch Creek Restoration Project, a major component of the Bee Branch Creek Watershed Flood Mitigation Project. The improvements will allow for the efficient flow of floodwaters from the recently completed Upper Bee Branch Creek improvements, through the railroad yard on Garfield Avenue, to the Lower Bee Branch Creek.

The Upper Bee Branch Culvert project cost is estimated to be \$30,208,431 and project funding includes \$10,563,823 HUD CDBG National Disaster Resiliency Grant, State Revolving Fund Loan \$16,300,000, and the Flood Mitigation Grant (State Sales Tax Increment) \$3,344,608.

In August of 2017, the City Council adopted Resolution 294-17 authorizing the submission of a Clean Water SRF Sponsorship program application in order to secure \$1,000,000 in funding for green alley construction in the Bee Branch and Catfish Creek watersheds. Funding would also be used to pay for the pervious drives associated with the proposed Midtown Transfer. While funding was initially deferred due to the number of applications, in May of 2018 the City's application was approved.

The sponsorship program is made possible through Clean Water State Revolving Fund (CWSRF) loans. On a typical CWSRF loan, the City would borrow the principal using it to construct the improvements and repays principal (the loan) plus interest and fees. On a CWSRF loan with a sponsored project, the principal loan is increased to pay for both the original improvement project and the sponsored project. However, through an interest rate reduction, the interest on the loan is reduced such that the City does not pay any more than they would have for just the original improvements. Instead, two water quality projects are completed for the cost of one. The maximum amount allowed for sponsored project is the lesser of 10% of the amount of the loan request at the time of the sponsored project application, 10% of the FINAL amount drawn on the loan, or the calculated amount determined by the reduction of the interest rate by up to 1%.

The total estimated State Revolving Fund Loan for the Upper Bee Branch Creek Railroad Culverts Project is \$18,000,000, which includes \$16,300,000 for the project, \$1,000,000 as a Clean Water SRF Sponsorship program for green alley construction in the Bee Branch and Catfish Creek watersheds, and \$700,000 in contingency funds for loan issuance costs and change in project costs.

The proceedings have been prepared on the basis that no objections or petitions calling for an election on the bond proposal will be filed with the City Clerk. If there are objections, we will need to summarize them. The Mayor will then declare the hearing on the issuance of said bonds closed. Immediately following, and assuming no petitions have been filed, a resolution is to be introduced and adopted entitled "Resolution Instituting Proceedings to Take Additional Action for the Authorization of a Loan and Disbursement Agreement."

In the event the Council decides to abandon the proposal to issue said bonds, then the form of resolution included in said proceeding should not be adopted. In this event, a motion needs to be adopted to the effect that such bond proposal is abandoned.

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



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Michael C. Van Milligen

MCVM/jml  
Attachment

cc: Crenna Brumwell, City Attorney  
Cori Burbach, Assistant City Manager  
Teri Goodmann, Assistant City Manager  
Jennifer Larson, Budget Director  
Jean Nachtman, Finance Director