



TO: Michael C. Van Milligen, City Manger

FROM: Jean Nachtman, Finance Director

SUBJECT: Proceedings to Hold the 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 12, 2019

INTRODUCTION:

The purpose of this memorandum is to provide suggested proceedings for a public hearing on the issuance of a not to exceed \$18,000,000 Stormwater Revenue Capital Loan Notes. The proceedings of which will be used to pay the costs for the Upper Bee Branch Creek Railroad Culverts Project and a sponsorship project for Midtown Transfer and Catfish Creek Watershed Pervious Alley Construction Project. A letter from attorney Kristin Cooper detailing information on the public hearing is enclosed.

DISCUSSION

The Upper Bee Branch Creek Railroad Culverts Project (Project) represents the final contract associated with the Bee Branch Creek Restoration Project. The improvements will allow for the efficient flow of floodwaters from the recently competed Upper Bee Branch creek improvements, through the railroad yard on Garfield Avenue, to the Lower Bee Branch Creek.

Since 2007, the City has been corresponding with the owner of the Dubuque Works rail yard at 506 Garfield Avenue. During that time, the ownership of the railroad changed hands two times. After years of negotiations, the City has reached an agreement with Canadian Pacific and can move forward with the project. The Project involves the installation of six, 8-foot diameter culverts under the railroad tracks using tunneling methods. This will allow the railroad operation to continue unimpeded by the construction of the Project.

In addition to the culverts under the railroad tracks, the Project includes the extension of the box culverts installed under Garfield Avenue as part of the Upper Bee Branch Creek improvements to a new buried junction chamber, or transition structure where the flow

from the Upper Bee Branch will join with flow from the Bee Branch storm sewer from Pine Street. The combined flow will then flow under the railroad track through the tunneled pipes mentioned previously into the Lower Bee Branch Creek. An outfall structure will be constructed where the water will flow into the Lower Bee Branch. This will include a headwall for the culverts, a flood gate with the pump station to control the depth of water in the Upper Bee Branch Creek, topped by a concrete pad that will allow access to the culverts and gate from above while also providing a plaza area for citizens to overlook the Lower Bee Branch Creek. The Project also incorporated the existing box culverts underneath the railroad tracks into the flood control system. The design will allow the existing box culverts to serve dual functions: flood control and as a hike/bike function as a spillway should floodwaters overflow within the Upper Bee Branch Creek. It will also serve as a surface access to the existing box culverts for maintenance and for a public hike/bike path. In addition to retaining wall, the Project also includes lighting and security cameras.

The project funding is summarized as follows:

Funding Source	Amount
HUD CDBG NDR Grant	\$10,563,823
U.S. EPA Clean Water SRF Loan	16,300,000 ^{1,2}
State Sales Tax Increment Funding	2,629,949
State Sales Tax Increment Bond	714,659
Total	\$30,208,431

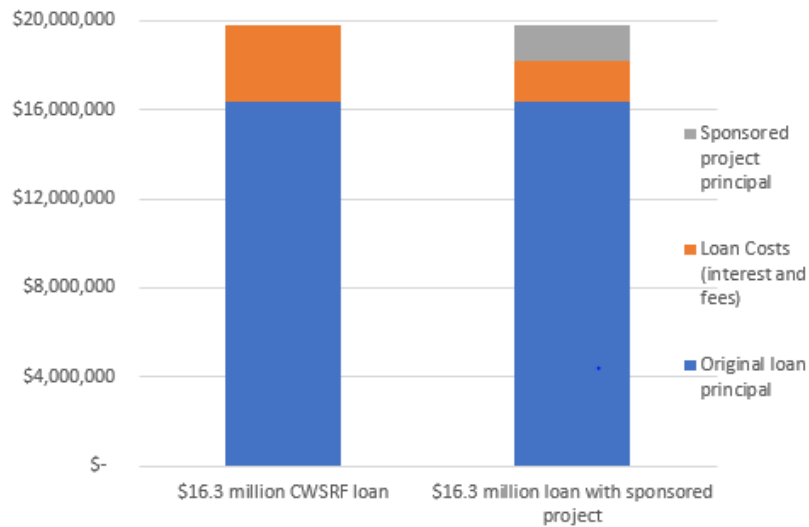
¹\$16.3 million is the maximum amount of SRF debt the City will utilize. Through the FY20 budget process, the City is looking at using stormwater utility fee revenue to minimize the amount of the SRF debt.

²The U.S. EPA Clean Water SRF loan will be paid back using stormwater utility fee revenue.

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 chart below displays a visual on how a sponsorship project is financed with no additional overall cost.



Funded Improvements		Est. Loan Principal Amount
Upper Bee Branch Creek Railroad Culverts Project		\$16,300,000
Loan Principal for Green Alleys		\$ 1,000,000
Total		<u>\$17,300,000</u>

The recommendation is to approve the selling of up to \$18,000,000 in Stormwater Utility Revenue Capital Loan Notes to provide contingency funding.

ACTION TO BE TAKEN

I respectfully recommend the holding of the public hearing and approve the resolution.

Attachments

cc: Crenna Brumwell, City Attorney
Teri Goodmann, Assistant City Manger
Cori Burbach, Assistant City Manger
Jenny Larson, Budget Director
Gus Psihoyos, City Engineer
Deron Muerhing Civil Engineer