



January 21, 2020

Ann Schmid  
Disaster Recovery Team Leader  
Iowa Economic Development Authority  
RE: Contract #13-NDRI-011

Dear Ms. Schmid,

Per your request, the City of Dubuque has reviewed the budget for our open National Disaster Resiliency Grant (NDR). The following table shows the current budget by activity as of December 31, 2019.

Total Budget by Activity:

Activity	NDR Budget	Expended to Date	Remaining Funds
172-01 [Watershed Planning]	\$35,753.00	\$35,753.00	\$0.00
181-01 [Administration]	\$157,500.00	\$88,125.00	\$69,375.00
69-01 [Watershed Improvements]	\$23,100,000.00	\$14,076,935.00	\$9,023,065.00

Per IEDA's request, we are providing information on the proposed use of remaining NDR funds, based on categories defined by IEDA:

**A. Committed/Contracted - Not Yet Drawn**

\$9,023,065.00

(This is the amount of NDR eligible funds remaining on any open construction or consulting contracts that you are committed to spending but have not drawn down yet)

**B. Estimate of Planned – Not Yet Contracted**

\$22,680,000.00

(This is the estimated amount of eligible NDR funds needed to complete projects with owner commitment, where some project delivery such as engineering, inspection, environmental review, etc. has been incurred but the project has not yet been contracted)

**C. Estimate for Conceptual Projects**

\$0.00

(This is the amount of funding you think you could expend on projects that have not yet received owner commitment, inspection and/or engineering, but might move forward to completion prior to Sept. 2021)

We are also providing an accounting of the direct leverage to be expended by the City on the watershed infrastructure improvements. As of December 31, 2019, the City has open construction and/or consulting contracts totaling \$13,491,934.96 in non-HUD NDR

funding that the City is committed to spending but has not been expended or drawn down yet. See table below.

	Direct Leverage Budget	Expended to Date	Remaining Funds
69-01 [Watershed Improvements]	\$21,600,000.00	\$11,301,392.75	\$10,298,607.25

### **Budget Explanation:**

#### **Planned Expenditures**

As indicated, the City has awarded contracts and committed to HUD-funded expenditures totaling \$9,023,065.00 such that the entire \$23,100,000 budgeted for watershed improvements will be expended by September 30, 2021. Moreover, the City has awarded contracts and committed to non-HUD funded expenditures totaling \$13,491,934.96 such that the entire \$21,600,000 in direct leverage for watershed improvements will be expended by September 30, 2021. Therefore, the \$44,700,000 outlined in the State's application for Bee Branch watershed infrastructure improvements will be expended by September 30, 2021. The improvements to be completed are as follows:

Project	Work to Be Completed*
Bee Branch Railroad Culvert Infrastructure Improvements	Culverts from Garfield Avenue through railroad property
Bee Branch (22 <sup>nd</sup> )/Kaufmann Ave Storm Sewer Improvements	Elm Street to N. Main Street
Bee Branch (17 <sup>th</sup> )/W. Locust Storm Sewer Improvements	Pine Street to Heeb Street

\*To be completed by September 31, 2021.

#### **Possible Additional Expenditures**

The improvements outlined for the Bee Branch watershed in the State's HUD NDR application were described as three undertakings: The Bee Branch Railroad Culvert Infrastructure Improvement Project, the Bee Branch Kaufmann Avenue Storm Sewer Improvements Project, and the Bee Branch West Locust Storm Sewer Improvements Project. At the time of the State's application, the improvements were estimated to cost \$50,055,373. The actual award was scaled back (scaled/scoping alternative 2) which, along with the City's direct leverage, provided the aforementioned \$44,700,000 for the improvements. This left a \$5 million funding gap. This gap has increased due to actual project costs exceeding the original estimates.

The original estimates for the improvements were prepared by a professional engineer back in 2015. While the estimates included a 20% contingency, the projects reflected in the State's application for HUD funding did not reflect higher costs due to standard inflation rates. So, when the project improvements were bid three to four years after the application, a shortfall could be expected. According to Engineering News-Record (a technical publication that provides construction news, analysis, commentary and data), the general cost of construction grew by 9.9% from 2015 to 2018 (ENR, March 19/26, 2018). And the cost of materials required for the Bee Branch infrastructure improvements grew at even higher rates. For example, from 2015 to 2018 the cost of structural steel (materials required to constructed reinforced box culverts) grew by more

than 43% (ENR). These higher than anticipated project costs were realized when the City began bidding the work. The City bid the Bee Branch Railroad Culvert Infrastructure Improvement Project in early 2019. The low bid received came in at \$27.9 million, \$9.9 million (or 55%) more than the \$18.0 million estimate outlined in the grant application. To a lesser extent, the bids for the other Bee Branch infrastructure work have been similarly higher than anticipated. As a result, the project limits have been necessarily truncated, leaving additional work for the future (see table below).

Project	Remaining Work
Bee Branch Railroad Culvert Infrastructure Improvements	NA
Bee Branch (22 <sup>nd</sup> )/Kaufmann Ave Storm Sewer Improvements	N. Main Street to Kane Street
Bee Branch (17 <sup>th</sup> )/W. Locust Storm Sewer Improvements	Heeb Street to Rosedale Ave

As stated above, the City is in a position to bid and complete an additional \$22,680,000 in improvements. This is based on the final design of the 17<sup>th</sup> Street/W. Locust Street improvements and the 22<sup>nd</sup> Street/Kaufmann Avenue improvements. A breakdown is as follows:

Project	Additional Work	Estimated Cost*
Bee Branch (22 <sup>nd</sup> )/Kaufmann Ave Storm Sewer Improvements	N. Main Street to Hempstead Street	\$9,530,000
Bee Branch (17 <sup>th</sup> )/W. Locust Storm Sewer Improvements	Heeb Street to Kirkwood Street	\$13,150,000
	TOTAL	\$22,680,000

\*Based on 2020 estimates.

With the improvements designed (and Section 106 clearance granted), the City is in a position to move forward with bidding the improvements without delay. If an additional \$22,680,000 were made available, the City would be able to expend the funds on the improvements outlined above by September 30, 2021. The City is also in a position to use any fraction of that amount as well. Attachment A shows the incremental costs of improvements along both Kaufmann Avenue and on 17<sup>th</sup> St./W. Locust Street. For example, with an additional \$1.52 million the City could

Additional funding will reduce the floodwaters that rush down both 17<sup>th</sup> Street/W. Locust Street and down Kaufmann Avenue, preventing property damage and making those impacted low-to-moderate income residents more resilient to flooding.

As a result of the above information, the City requests that if additional funds are available, please adjust our budget by increasing NDR funds as deemed appropriate for Bee Branch infrastructure improvements [69-01 (Watershed Improvements)].

Sincerely,

Roy D. Buol, Mayor