

TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Proceedings to Set 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: January 3, 2019

Finance Director Jean Nachtman recommends the City Council set February 18, 2019, for a public hearing on the proposition of selling not to exceed \$18,000,000 in Stormwater Utility Revenue Capital Loan Notes (State Revolving Loan Fund Program) for the Upper Bee Branch Creek Railroad Culverts Project and Midtown Transfer and Catfish Creek Watershed Pervious Alley Construction Sponsorship Project.

The Iowa Finance Authority has agreed to make the City a low-interest loan under the following terms:

The State Revolving Capital Loan Notes will carry an annual 1.75% interest rate for 20 years, with an annual servicing fee of 0.25%. There is also a one-time 0.5% upfront loan origination fee.

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 completed 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.

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%.

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



Michael C. Van Milligen

MCVM:jh
Attachment

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