

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 21, 2015
	Agenda Item No.	8
	Roll Call No.	<u>15-2106</u>
	Communication No.	<u>15-660</u>
	Submitted by:	Pamela S. Cooksey, P.E., City Engineer

AGENDA HEADING:

Authorizing to Submit State Revolving Loan (SRF) Application to the IDNR for Lower Oak Park and Highland Park Separation Project.

SYNOPSIS:

Recommend Authorizing to Submit State Revolving Loan (SRF) Application to the IDNR for Lower Oak Park and Highland Park Separation Project. It is in the best interest of the City to submit an application for State Revolving Loan Funds to the IDNR in the amount of \$12 million.

FISCAL IMPACT:

Amount: \$15.5 million – being \$12 million of principal payments and estimated \$3,500,000 of interest expenses and origination and servicing fees.

Funding Source: 2015-2016 CIP Page Sanitary – 10, SS133 – Proposed State Revolving Loan Funds with Principal and Interest payments equally between the Sanitary Sewer Fund (EN101) and the Storm Water Utility Fund (EN301).

ADDITIONAL INFORMATION:

On March 9, 2015, by Roll Call No. 15-0425, the City Council of the City of Des Moines adopted the current Capital Improvement Program (CIP) that includes the Lower Oak Park and Highland Park Separation Project. This project provides for construction of a storm sewer in Lower Oak Park and Highland Park Combined Sewer Systems to remove the remaining storm inlets from the combined sewer system in an area roughly bounded by Seneca Avenue on the north, the Des Moines River on the south, Cornell Street on the east, and the Des Moines River on the west.

The IDNR has a program for funding the construction of wastewater projects through a State Revolving Loan Fund (SRF) that offers a reduced interest rate when compared to revenue bonds. SRF has the lowest cost funds compared to other financing options, with interest rate of 1.75% for loans of up to 20 years, and there is no 10% reserve fund requirement that is typical of normal revenue bonds. There is a 0.5% origination fee and a 0.25% annual servicing fee on outstanding principal. The principal and interest payments will be split equally between the Sanitary Sewer and the Storm Water Utility Funds.

The area included in the Lower Oak Park and Highland Park lies upstream of the existing combined sewer overflow near the Birdland Marina. The work will separate the sewer system in the area in order

to help meet the nine (9) minimum requirements included in the current National Pollutant Discharge Elimination System (NPDES) permit issued to the City of Des Moines/WRA in 2010. This work is required in the 2010 State of Iowa Department of Natural Resources Consent Order, Judgment, and Decree to eliminate the combined sewer overflow at the Birdland Marina by end of 2018.

The City of Des Moines is requesting to use the Clean Water State Revolving Fund (SRF Loan) in order to finance the Lower Oak Park and Highland Park Sewer Separation Project. As part of these SRF Loans, there is funding available for Green Infrastructure Sponsored Projects which can equal up to 10% of the amount of the SRF Loan. This Sponsored Project funding can be utilized within the affected neighborhoods or throughout the City to construct rain gardens, bio-swales, storm water planters, permeable pavement, as well as many other water quality improvement items. The final green infrastructure alternatives have not yet been determined. As the final design of the separation project progresses, the green infrastructure project will be developed.

PREVIOUS COUNCIL ACTION(S):

Date: March 9, 2015

Roll Call Number: [15-0429](#)

Action: [On](#) adoption of the recommended Capital Improvement Program for fiscal years 2015-2016 through 2020-2021. ([Council Communication No. 15-121](#)) Moved by Hensley to adopt; refer to the City Manager to present options for use of additional road use tax funds on park and cemetery roads and other appropriate uses. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of the State Revolving Loan Fund.

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