

COUNCIL ACTION FORM

SUBJECT: WATER QUALITY GRANT APPLICATIONS – IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP AND STATE REVOLVING FUND SPONSORED PROJECTS

BACKGROUND:

The City of Ames has an opportunity to make stormwater quality and quantity improvements in the downtown area by combining two state-funded watershed programs with a planned downtown street paving project.

Two separate state grants are available, and each addresses water quality within a designated watershed. Staff has identified project sites within the Squaw Creek Watershed including the area between 5th Street and 6th Street, around City Hall, Parking Lots M, MM, N, and the roadway right-of-way. This project can be partnered with the 2014/15 Downtown Street Pavement Improvements project (5th Street from Grand Avenue to Burnett Avenue), which will be carried out in the 2015 construction season. That project is funded with General Obligation Bonds and Storm Sewer Utility Funds from the Storm Sewer Improvement Program. The City has also been successfully awarded a water quality grant in the amount of \$188,540 from the State Revolving Fund (SRF) Sponsored Project Program, which was supported by City Council at the February 25, 2014 meeting.

Conceptually, the project will include soil quality restoration and replacing all standard lawn turf with native turf/landscape, in addition to permeable pavers and bioretention cells at various locations in the project area. Other stormwater best management practices (BMP's) will also be considered as the project is designed. Management of the water quality and quantity volumes of stormwater runoff is the goal. If achieved, this project would be a unique demonstration for others who develop residential and commercial properties within the City on how to achieve successful post-construction stormwater management.

The first grant is through the Iowa Department of Agriculture and Land Stewardship (IDALS) to support projects that will improve water quality in the state and act as demonstration sites for urban conservation practices. Approximately \$500,000 is available to support qualifying projects. In December 2014, the City of Ames submitted a pre-application for consideration and is now invited to submit a full application. The City is requesting \$100,000 in project funds.

The second grant opportunity is through the SRF as a Water Resource Restoration Sponsored Project. This program was created by the 2009 Iowa General Assembly in order to fund water quality protection projects. The program has been implemented

through the Clean Water State Revolving Fund (CWSRF), a loan program for construction of water quality facilities and practices. On a typical CWSRF loan, a utility borrows the principal for a project from the state and repays both the principal and applicable interest and fees. **In contrast, on a CWSRF loan with a sponsored project, the utility borrows for both the wastewater improvement project and the sponsored project. However, through an overall interest rate reduction, the utility's ratepayers do not pay any more than they would have for just the wastewater improvements.** Therefore, two water quality projects are completed for the cost of one.

In this case, the scheduled wastewater improvements are a lift station improvement project administered by the City's Water & Pollution Control Department and sanitary sewer rehabilitation improvements administered by the City's Public Works Department. As part of the Department of Natural Resources Intended Use Plan, the Lift Station project loan is estimated at \$1,155,440 and the Sanitary Sewer Rehabilitation project loan is estimated at \$2,588,970. Since these two loan estimates total \$3,744,410, the Sponsored Project application is estimated at \$374,441.

Through the IDALS grant and the SRF Sponsored Project funding, this water quality and quantity improvement project will be used as a demonstration for area developers and residents to consider for their own properties.

ALTERNATIVES:

1. Authorize applications for a CWSRF Water Resource Restoration Sponsored Project and an IDALS water quality urban conservation project, and designate Municipal Engineer Tracy L. Warner as the authorized representative to sign the grant applications.
2. Direct staff to make modifications to the project.

MANAGER'S RECOMMENDED ACTION:

By supporting submission of these two grant applications, the City of Ames can be recognized within the community and statewide as an innovative community that is willing to construct demonstration stormwater BMPs to address water quality and quantity concerns. If funded, this demonstration project will be a unique application of soil quality restoration and native landscape in an urban setting.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.