

COUNCIL ACTION FORM

**SUBJECT: WATER QUALITY GRANT APPLICATIONS – WATERSHED
IMPROVEMENT REVIEW BOARD AND STATE REVOLVING FUND
SPONSORED PROJECTS**

BACKGROUND:

The City of Ames has a unique opportunity to make stormwater quality 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 address water quality within a designated watershed. The project staff has identified within the Squaw Creek Watershed is the area between 5th Street and 6th Street, and includes City Hall, Parking Lots M, MM, and 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.

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 area. Other stormwater best management practices (BMP's) will also be considered as the project is designed. Management of the water quality volume of stormwater runoff is the goal. However, if more than the water quality volume can be achieved as part of this project, then some flood control will also be recognized. If achieved, this project would be a unique demonstration for others who develop residential and commercial property 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, and Secretary of Agriculture Bill Northey is encouraging eligible groups to apply for grants to support projects that will improve water quality in the state. Approximately \$1 million is available through the Watershed Improvement Review Board (WIRB) to support qualifying projects. Several years ago the City of Ames was awarded a \$300,000 WIRB grant, which funded part of the College Creek Restoration project.

The second grant opportunity is through the State Revolving Fund (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. This 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.** Instead, two water quality projects are completed for the cost of one.

In this case, the scheduled wastewater improvement is the Biosolids project administered by the City's Water & Pollution Control Department. As part of the DNR Intended Use Plan, the Biosolids project loan is estimated at \$1,885,400. Therefore, the Sponsored Project application is estimated at \$188,540.

Through the WIRB grant and the SRF Sponsored Project funding, this water quality project will essentially be a 'no net cost' improvement for the City that can be used as a demonstration for area developers and residents to consider for their own properties.

ALTERNATIVES:

1. Authorize applications for a Clean Water SRF Water Resource Restoration Sponsored Project and a Watershed Improvement Review Board 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 as an innovative community within Iowa that is willing to construct demonstration stormwater BMPs to address water quality concerns in the community and statewide. 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, thereby authorizing applications for a Clean Water SRF Water Resource Restoration Sponsored Project and a Watershed Improvement Review Board project, and designating Municipal Engineer Tracy L. Warner as the authorized representative to sign the grant applications.