

ITEM #:	15
DATE:	09-09-25
DEPT:	FIN

COUNCIL ACTION FORM

SUBJECT:

RESOLUTION SETTING SEPTEMBER 23, 2025, AS DATE OF PUBLIC HEARING ON PROPOSAL TO ENTER INTO A SEWER REVENUE AND DISBURSEMENT AGREEMENT AND TO BORROW MONEY THEREUNDER

BACKGROUND:

The Water Resource Restoration (WRR) Sponsored Projects Program is administered through Iowa's Clean Water State Revolving Fund (CWSRF), a low-interest loan program operated by the Iowa Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA). Established under *Iowa Code* § 384.84, the program allows wastewater utilities to finance both system improvements and watershed-based nonpoint source projects through a single loan.

The loan carries a reduced interest rate, ensuring that utilities pay no more in overall debt service than they would for the wastewater project alone. This structure effectively allows communities to complete both infrastructure and restoration projects for the cost of one.

The City is seeking to utilize this program to support the loway Creek Stabilization Project in Brookside Park. Construction began on June 16, 2025, and is scheduled for completion in December 2025. The project addresses significant erosion that has been impacting both public parkland and adjacent private property.

The planned improvements include installation of in-stream rock features, relocation of approximately 500 feet of creek channel, stabilization of streambanks, establishment of appropriate native vegetation, and the extension of an existing storm sewer. These measures are consistent with the types of natural channel design and stabilization practices eligible under the WRR program and are expected to provide lasting environmental benefits, including protection of natural habitat, reduced sedimentation, and improved downstream water quality.

To finance this work, the City proposes to amend its 2023 CWSRF loan, which provided approximately \$7.5 million for sewer collection system improvements. **By enrolling in the WRR program, the City is eligible for a 0.5 percent interest rate reduction on that loan, resulting in projected savings of approximately \$337,000. Those savings would then be applied to support the loway Creek project through a separate SRF loan in the same amount at zero percent interest, amortized over the remaining term of the 2023 loan. This financing structure would ensure that the City does not incur higher debt service costs than it would have under the original wastewater-only loan.**

In accordance with *Iowa Code* § 384.24A, the City Council must hold a public hearing before entering into this amended loan agreement. Staff is therefore recommending that the Council set September 23, 2025, as the date for the hearing. Following that hearing, Council will be asked to adopt a resolution authorizing the loan agreement, thereby allowing the City to formally participate in the WRR program and secure the financial support

necessary to fund the loway Creek Stabilization Project.

ALTERNATIVES:

1. Adopt a resolution setting the date of a public hearing to consider an amendment to the City's amended loan agreement as September 23, 2025.
2. Refer this item to staff for modifications.

CITY MANAGER'S RECOMMENDED ACTION:

Through the State's Water Resource Restoration Sponsored Projects program, the City is able to pair its wastewater financing with a qualified stormwater initiative, receiving a reduced loan interest rate that generates funding for additional water quality improvements. In this instance, the interest rate adjustment provides \$337,000 in funding to support the loway Creek stabilization project. This approach allows the City to advance critical streambank and habitat restoration efforts without increasing the utility's debt service costs. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.