

ITEM #: 7
DATE: 02-24-26
DEPT: W&PC

COUNCIL ACTION FORM

SUBJECT: GRANT CONTRACT WITH THE IOWA FINANCE AUTHORITY FOR THE WASTEWATER AND DRINKING WATER TREATMENT FINANCIAL ASSISTANCE PROGRAM (WTFAP)

BACKGROUND:

The Water Pollution Control Facility is nearly 50% complete with modifications to its treatment processes. These modifications are the first of two construction phases that will ultimately enable the facility to achieve the goals of the Iowa Nutrient Reduction Strategy.

The authorized budget for the project is \$62,540,000. Of that, \$59,777,282 has been expended or encumbered, leaving a remaining contingency of \$2,761,718.

Staff applied for a grant from the Wastewater and Drinking Water Treatment Financial Assistance Program (WTFAP), administered by the Iowa Finance Authority. The application staff submitted requested the maximum award amount of \$500,000. The nutrient reduction project qualified for the grant program under three different funding priorities established by the program:

- Projects whose completion will provide significant improvement to water quality in the watershed
- Communities employing alternative wastewater treatment technology
- Communities employing technology to address the goals of the Iowa Nutrient Reduction Strategy.

On February 4, 2026, staff was informed that the application was successful, and the City was being awarded \$500,000. The payment of the grant funds will be made on the next State Revolving Fund (SRF) loan disbursement request. The first \$500,000 will be from the grant award, then the balance will come from the SRF loan. The net impact would be a lower principal on the SRF loan at the end of the project.

The Grant Contract, attached, has been reviewed by the City Legal Department and been found acceptable. The Contract is now ready for the Council to authorize the Mayor to execute the contract on behalf of the City.

ALTERNATIVES:

1. Authorize the Mayor to execute the attached Grant Contract, accepting the \$500,000 award that will be applied to the State Revolving Fund loan for the Water Pollution Control Facility Nutrient Reduction Modifications project.
2. Do not authorize the Grant Contract and forego the \$500,000 grant award.

CITY MANAGER'S RECOMMENDED ACTION:

Given the impact of large capital projects on ratepayers, staff is continuously seeking alternatives to control those impacts to the greatest extent possible. Accepting the \$500,000 grant award would result in a lower principal balance on the SRF loan that is financing the WPC Nutrient Reduction Modifications project, which in turn will lower the debt service payments on the loan. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as described above.

ATTACHMENT(S):

[Ames - WTFAP - 26-01 - Grant Agreement_not_encrypted.pdf](#)