

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> June 8, 2015
	<b>Agenda Item No.</b> 67 <b>Roll Call No.</b> <u>15-978</u> <b>Communication No.</b> <u>15-303</u> <b>Submitted by:</b> Pamela S. Cooksey, P.E., City Engineer

**AGENDA HEADING:**

Resolution approving submission of an Iowa Flood Mitigation joint application with the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) to the Homeland Security and Emergency Management Department, and approving a second amendment to the 28E Agreement by and between the City of Des Moines, Iowa and the Des Moines Metropolitan Wastewater Reclamation Authority for the Joint Application for Administration and Funding of a Project Plan Pursuant to the Iowa Flood Mitigation Program.

**SYNOPSIS:**

Recommend approval of authorization to submit an Iowa Flood Mitigation joint application with the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) to the Homeland Security and Emergency Management Department, and approving a second amendment to the 28E Agreement by and between the City of Des Moines, Iowa and the Des Moines Metropolitan Wastewater Reclamation Authority for the Joint Application for Administration and Funding of a Project Plan Pursuant to the Iowa Flood Mitigation Program.

**FISCAL IMPACT:**

Amount: The joint application identifies \$308.6 million in projects related to flood protection for the City of Des Moines and the WRA over a 20-year period, including completed, current, and future proposed projects. The application and tax increment-funding request is for \$111.3 million from the Iowa Flood Mitigation Program. The City of Des Moines has identified nine (9) eligible projects totaling \$45.4 million, and the WRA has identified five (5) eligible projects totaling \$36.5 million. In addition, the City has identified approximately \$29.1 million in interest costs, and WRA has identified approximately \$4.0 million in interest costs over 20 years. The funding will be made available over the next 20 years in gradually increasing increments as sales tax revenues increase over the established base year. Therefore, projects will need to be financed as originally planned with the grant funds assisting in the debt service payments over the next 20 years.

Funding Source: 2015-2016 CIP, Page Storm-6, Flood Mitigation Improvement, SM087, Storm Revenue Bonds

**ADDITIONAL INFORMATION:**

On March 24, 2014, the City Council approved the City and the WRA submitting a joint application to the Iowa Flood Mitigation Board for funding for crucial flood mitigation projects along the Des Moines River. Funding is available from State Sales Tax Increment generated within the WRA service

area. The \$45.4 million in projects have been identified by the City to be completed, while \$36.5 million in projects have been selected by the WRA.

On May 28, 2014, the City of Des Moines and the WRA submitted an application to the Flood Mitigation Board. This application requested \$95,529,352 for projects in progress and planned future projects. The future projects were identified by Consultant studies and relevant technical data. The joint application was not acted upon until legislation was passed allowing the WRA to be an eligible applicant.

Two (2) main factors bond the City and WRA together in this quest for funding.

- 1) Qualifying criteria requires that an applicant must have been approved to receive Federal funding for the project or an earlier phase of the project. Since 2008, the City of Des Moines has received federal funding, whereas the other WRA member cities have not received federal funding to qualify. Federal Emergency Management Authority (FEMA) funding is not an eligible federal funding source for this program.
- 2) Funding is available from growth in State Sales Tax revenue from the applicant's community, for which the City of Des Moines is experiencing slow sales tax growth. However, the entire WRA service area in total is realizing a faster pace of growth that would generate sufficient revenues to fund this request.

The joint application requests that Sales Tax Increment from the entire WRA service area be available for funding the full list of projects. Growth in the incremental tax revenue will occur over time, so the joint application requests funds in align with this increment.

Eligible projects for the Iowa Flood Mitigation Program may include "construction and reconstruction of levees, embankments, impounding reservoirs, or conduits that are necessary for the protection of property from the effects of floodwaters and may include deepening, widening, alteration, change, diversion, or other improvement of watercourses if necessary for the protection of such property from the effects of floodwaters". (Iowa Code Sec. 418(1) (5).) Applicants may submit projects that consist of one (1) or more phases of construction or reconstruction. Application requirements include approval by resolution of each applicant of the Project Plan (flood mitigation improvement projects proposed to be constructed as part of the Program), and letters of support for the flood protection project, and as such, the City Engineer intends to utilize support letters from WRA community representatives. The City projects set forth in the proposed Project Plan will be included in the City's Capital Improvements Project budgeting. These projects will eventually allow the City's levees to be certified by FEMA. These projects will improve protections for those areas currently behind the City's levee system, including the new Municipal Service Center.

The WRA and the City of Des Moines entered into a 28E Agreement, and this action will approve a Second Admendment to that agreement outlining the joint application that will be submitted to the Flood Mitigation Program, the agreed upon project plan, and the respective responsibilities of the WRA and the City of Des Moines as it relates to the flood protection project.

In the past year, the projects in the first application, such as the SE 4<sup>th</sup> & Shaw Pump Station, WRA Combined Sewer Solids Separation Facility, WRA New Main Outfall Sewer, and the WRA Southwest Outfall Bank Stabilization have been finished or are near completion. With the completion of these projects, their eligibility for Sales Tax Increment Funding ceased. This reduces approximately \$11 million from the original application.

Since May 2014, Consultants for the City of Des Moines and WRA have identified additional projects that provide an efficient and cost effective method of flood prevention and protection. The new projects include: WRA Ingersoll Run Outlet, Stantec Consultant Services - Hydraulic Modeling and External Review, Upstream Mitigation Study, and DM River Levee Interior Drainage – Phase I, II, & III. These improvements will help reduce flood risk resulting from locally heavy rainfall including periods when river levels are above flood stage. As required by FEMA, the design of the interior drainage improvements will take into account the joint probabilities of local runoff from within the levee protected areas as well as river levels to provide a comprehensive approach to flood risk reduction. These new projects replace the Drainage District 9 Ag Levee Removal, Quarry & Meander Grading, and Wetland Mitigation projects. The difference in the sales tax increment request due to these project changes are negligible.

The City and WRA will submit a new application that includes these projects. The revised funding request is consistent with the limits of available sales tax increment through the FMP rules. These limitations result in additional financing expenses of \$2.3 million. With the Project Plan, the total sales tax increment request increases by \$16 million. This amount is added to the original total sales tax increment request of \$95 million to a new total of \$111 million.

The Second Amendment to the 28E Agreement keeps the funding split between the WRA and City at 50%, but upon completion and payment by the WRA of the WRA projects, the remaining sales tax increment revenue approved for the Project Plan will be reallocated and used by the City for the City's projects.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: April 7, 2014

Roll Call Number: [14-0574](#)

Action: [Revised](#) Project Plan for the joint application with the Des Moines Metropolitan Reclamation Authority (WRA) to the Homeland Security and Emergency Management Department and approving a first amendment to the 28E Agreement with WRA for the joint application for administration and funding of a project plan pursuant to the Iowa Flood Mitigation Program. ([Council Communication No. 14-157](#)) Moved by Moore to adopt. Motion Carried 7-0.

Date: March 24, 2014

Roll Call Number: [14-0505](#)

Action: [Submission](#) of an Iowa Flood Mitigation Program joint application with Des Moines Metropolitan Wastewater Reclamation Authority (WRA) to the Iowa Homeland Security and Emergency Management Agency, approving the Project Plan and approving a 28E Agreement with the Des Moines Metropolitan Wastewater Reclamation Authority for the Joint Application for Administration and Funding of a Project Plan. ([Council Communication No. 14-130](#)) Moved by Moore to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approval of Grant Agreement. Adoption of a resolution authorizing the use of sales tax increment revenue from the governmental entity's flood project fund.

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