



**AGENDA
CITY OF CEDAR FALLS, IOWA
COMMITTEE OF THE WHOLE MEETING
MONDAY, SEPTEMBER 20, 2021
5:15 PM AT CITY HALL**

The City is providing in-person and electronic options for this meeting in accordance with the Governor's Proclamation of Disaster Emergency regarding meetings and hearings. The City encourages in-person attendees to follow the latest CDC guidelines to reduce the risk of COVID-19 transmission.

The meeting will be accessible via video conference and the public may access/participate in the meeting in the following ways:

- a) By dialing the phone number +13126266799 or +19292056099 or +12532158782 or +13017158592 or +13462487799 or +16699006833 and when prompted, enter the meeting ID (access code) 962 7287 1738.
- b) iPhone one-tap: +13126266799,,96272871738# or +19292056099,,96272871738#
- c) Join via smartphone or computer using this link: <https://zoom.us/j/96272871738>.
- d) View the live stream on Channel 15 YouTube using this link: <https://www.youtube.com/channel/UCCzeig5nIS-dIEYisqah1uQ> (view only).
- e) Watch on Cedar Falls Cable Channel 15 (view only).

To request to speak when allowed on the agenda, participants must click "Raise Hand" if connected by smartphone or computer, or press *9 if connected by telephone. All participants will be muted by the presiding officer when not actually speaking.

Call to Order by the Mayor

- 1. Cedar Falls Economic Development Corp.
(20 Minutes)
- 2. Political Campaigning on City Property.
(30 Minutes, City Attorney Kevin Rogers)
- 3. Wastewater Facility Project and ARPA Funds.
(45 Minutes, City Administrator Ron Gaines)

Cedar Falls Economic Development Corporation (CFEDC)

Item 1.

Partnerships/Roles/Responsibilities

- Partner with the city, GCV, CMS, county, INRCOG, CHP
(Roles remain constant - EDC is “value added”)
- Cost neutral towards GCV & CMS & CHP
- Nonprofit status provides grant funding and tax management assistance enabling projects not otherwise possible
- Strategic plan continuation

Cedar Falls Economic Development Corporation Item 1. (CFEDC)

Specific work to Cedar Falls

- Generate outside economic development leads
- Existing Cedar Falls business visits
- Regional dollars for state/federal grants
- Filed as a 501(c)(4) nonprofit = “advocacy”
- Goal: 15 entities to donate \$10,000 = \$150,000
- Requesting city-match of dollars - already in existing budget - “neutral expense” for taxpayers

Cedar Falls Economic Development Corporation (CFEDC)

Item 1.

Potential Projects in Cedar Falls can range from single-family vacant lots to large-scale development

- Usable land from school district and hospital
- State & Federal roads fund opportunities
- University Ave Corridor
- Thunder Ridge future plans
- College Hill Development
- Affordable Housing options

Cedar Falls Economic Development Corporation (CFEDC)

Item 1.

Request

Council to agree to match the \$150,000 currently raised and on-deposit with the CFEDC:

\$75,000 now and \$75,000 July 1, 2022.

These funds will come out of the already budgeted amount for Economic Fund account.

American Rescue Plan Act (ARPA) & Nutrient Reduction Strategy Plan



September 20, 2021



Presentation Outline

1. American Rescue Plan Act (ARPA)

- Payment & Spending Requirements
- Reporting
- Allowable Uses
- Non-Allowable Uses

2. Projects - Use of ARPA Funds

a. Nutrient Reduction Strategy

- Treatment Facility Upgrades
- Schedule
- Cost

3. Sewer Rate Financing

- Study
- Proposed Rate Increases
- Comparison to Other Cities

American Rescue Plan Act

1. American Rescue Plan Act (ARPA)

- Payment & Spending Requirements
- Reporting
- Allowable Uses
- Non-Allowable Uses

ARPA Funds

Payments to City of Cedar Falls

- Total Payment of \$6,508,740
- 1/2 in September 2021 – Approximately \$3.25 million
- 1/2 in August 2022 – Approximately \$3.25 million

Spending Requirements

- Funds must be encumbered by December 31, 2024
- Funds that were encumbered by this date, must be spent by December 31, 2026

Reporting Requirements

- Quarterly Reports

ARPA Funds

Allowable Uses

- Response to Public Health Emergency or its Negative Economic Impacts
- Premium Pay for Essential Workers
- Replace Public Sector Revenue Loss
- Broadband and Water
- **Sanitary Sewer (which includes Storm Water)**
 - Recommendation

Non-Allowable Uses

- Reduce Tax Revenue
- Payments to a Pension Fund
- Debt Service Payoff
- Legal Settlements
- Deposits into Rainy Day Funds

Capital Projects

2. Projects - Use of ARPA Funds

a. Nutrient Reduction Strategy

- Treatment Facility Upgrades
- Schedule
- Cost

Wastewater Treatment Facility

Nutrient Reduction Strategy(NRS):

- Environmental Protection Agency(EPA) required the Iowa Department of Natural Resources(IDNR) to implement a plan to reduce Nitrogen and Phosphorus
- Cedar Falls NPDES Permit 2019-2024 (5 year permit)
- Plan needs to be submitted in 2021 – Preliminary meeting with IDNR in August 2021 indicated support for proposed nutrient reduction strategy
- Consensus at goal setting was to move forward with updating our nutrient reduction strategy plans to modify our existing facility

Wastewater Treatment Facility

Current plant operates using outdated technology for nutrient removal (trickling filters) – One of three larger Iowa communities that still use this method

Recommended improvements submitted in report to IDNR include:

- Conventional Biological Nutrient Removal (BNR)
 - ✓ Flexible to meet future requirements
 - ✓ Accommodates in existing space
 - ✓ Provides least cost investment
- New Primary Digester
- New Headworks, Fermenter, and Blower Buildings
- Odor Control

Water Reclamation Facility

- Staff has been working with our consultant to finalize the report for the Iowa Department of Natural Resources that is due this fall
- Below is the conceptual overview of our facility and the improvements needed to meet the EPA & IDNR requirements



Project Schedule & Cost

Project Schedule:

This plan will address all of the current EPA & IDNR nutrient reduction requirements by year 2030.

Design Contract: Spring/Summer 2023

- Estimated \$12M-\$18M

Design Begins: FY 2024 (July 2023)

- 18-24 months for design work

Construction Begins: 2026

- Season 1: 2026-2027
- Season 2: 2027-2028
- Season 3: 2028-2029

Estimated Overall Project Cost: \$112M

- Assumes 3% construction inflation

Sewer Rate Financing

3. Sewer Rate Financing

- Study
- Proposed Rate Increases
- Comparison to Other Cities

Sewer Rate Study- Financing

Enterprise funds are established for sanitary sewer infrastructure that are financed and operated in a manner similar to private business enterprises. The cost of providing the services to the general public is recovered through user charges.

Purpose of Study

- Estimate increases in operating costs, including annual projects
- Review future large projects
- Determine necessary revenue stream
- Review Debt Coverage – Must maintain a debt payment to net operating income ratio of greater than 1.25

Rate History

- 5% increase each year for 5 years for FY12-FY16
- 9% increase each year for 3 years for FY17-FY19
- 5% increase each year for 3 years for FY20-FY22
- Just starting the last year of this most recent 3 year increase

Sewer Rate Study- Financing

Summary of Operating Costs

- Salaries & Benefits of Employees
- Sanitary Sewer Spot Repairs (\$30,000/year)
- Sanitary Sewer Sliplining (\$250,000/year)
- Annual Street Repair Program (\$150,000-\$300,000)
- Various other plant maintenance

Summary of Large Capital Projects

- Nutrient Removal
- Main Street Sewer
- Ulrich Park Lift Station
- Park Drive Second Forcemain
 - INI Reduction Program

Sewer Rate Study- Financing

Current Sewer Debt Outstanding

| Issue | Amount Outstanding | Maturity Date |
|----------------|--------------------|---------------|
| 2016 Bonds | \$ 4,405,000 | 6/1/28 |
| 2018 Bonds | \$ 1,630,000 | 6/1/28 |
| SRF | \$ 4,720,000 | 6/1/33 |
| Internal Loans | \$ 9,820,000 | 6/1/32 |
| Total | \$ 20,575,000 | |

Sewer Rate Study- Rate Proposal

Rate Proposal – Average Home

| | | | 7% Inc. |
|------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 |
| | | | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> |
| Total Average Usage | | 700 | 700 | 700 | 700 | 700 | 700 |
| Base Usage | | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> | <u>200</u> |
| Incremental Usage | | 500 | 500 | 500 | 500 | 500 | 500 |
| Incremental Rate | | <u>3.84</u> | <u>4.11</u> | <u>4.40</u> | <u>4.70</u> | <u>5.03</u> | <u>5.39</u> |
| Total Incremental Cost | | \$ 19.20 | \$ 20.55 | \$ 22.00 | \$ 23.50 | \$ 25.15 | \$ 26.95 |
| Base Cost | | <u>21.44</u> | <u>22.94</u> | <u>24.55</u> | <u>26.26</u> | <u>28.10</u> | <u>30.07</u> |
| Total Monthly Cost | | \$ 40.64 | \$ 43.49 | \$ 46.55 | \$ 49.76 | \$ 53.25 | \$ 57.02 |
| Avg Increase in Monthly Cost | | | \$ 2.85 | \$ 5.91 | \$ 9.12 | \$ 12.61 | \$ 16.38 |

Sewer Rate Study- Rate Comparison

| | | | 7% Inc. |
|----------------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | | Current | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 |
| | | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> |
| Oskaloosa (Highest - 1st) | | \$ 72.67 | \$ 72.67 | \$ 72.67 | \$ 72.67 | \$ 72.67 | \$ 72.67 |
| Cedar Falls | | 35.06 | 39.38 | 42.13 | 45.08 | 48.24 | 51.61 |
| Iowa Great Lakes (Lowest - 43rd) | | 11.06 | 11.06 | 11.06 | 11.06 | 11.06 | 11.06 |
| Median | | \$ 39.40 | \$ 39.40 | \$ 39.40 | \$ 39.40 | \$ 39.40 | \$ 39.40 |
| Cedar Falls Ranking | | 25th | 23rd | 20th | 15th | 12th | 8th |

Sewer Rate Study- Financing

- Use \$6.5 million of ARPA funds for this Sanitary and Storm Water infrastructure
- Use of ARPA funds helps reduce rate increase needed and helps all users (residential, commercial, industrial, non-profits)
- Rate increase of 7% for next 5 years
- Continue to seek additional APRA funds through the State and Federal allocations.

Recommendation

- Motion for the use of ARPA funds as presented tonight which include sanitary and storm water infrastructure
- Motion for staff to begin drafting as ordinance to establish the sanitary sewer rate increase of 7% for the next 5 years