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CITY OF IOWA CITY
MEMORANDUM

Date: March 19, 2009

To: City Council

From: Jeff Davidson, Department of Planning & Community Development JM
Rick Fosse, Department of Public Works RJF

Re: March 23, 2009 work session: discuss flood recovery funding opportunities

In conjunction with our ongoing flood recovery efforts, we have recently become apprised of five specific funding opportunities from the State of Iowa. The five programs involve both state funds and federal funds which are administered by the State. There are differing requirements and deadlines for the five programs, but the bottom line is that we must move swiftly to take advantage of these opportunities.

At your March 23 work session we would like to step through each program with you and see if we can reach consensus on how to proceed. For each program we would like to:

1. Explain what the program can be used for

2. Explain our recommendation for Iowa City's specific use of the program

3. Discuss with you options for the program so that you can give specific guidance on how you would like us to proceed.

Overall Strategy

The staff committee that has developed the funding proposals which you will receive on March 23 has tried to be consistent with the overall flood recovery strategy which you agreed to for the Hazard Mitigation Grant Program (HMGP). To restate those objectives in priority order:

1. We will attempt to buy out residential property in the 100-year floodplain of the Iowa River. This will involve purchasing some properties (approximately 40) at the present time, with the goal of buying out the remainder over the next 10 to 15 years. Those who refuse buyout funds will not be granted public funds for the rehabilitation of their homes, nor are they guaranteed that they may not be negatively impacted by future flood mitigation strategies.

   This strategy is the most effective flood mitigation strategy possible. It reduces risk on the highest flood-prone properties to zero. A property which is bought out cannot be used for anything except open space in perpetuity.

2. For the remainder of the flood-impacted residential neighborhoods in the 500-year floodplain of the Iowa River, we will implement realistic protection measures that can be implemented at this time. This includes elevating roads in flood-prone neighborhoods, elevating structures, elevating mechanical systems within structures, backflow prevention valves, and attempting to provide secondary access to flood-prone neighborhoods.

3. Our number one priority public infrastructure project will be the elevation of Park Road Bridge and Dubuque Street. This will assist flood-prone neighborhoods upstream by allowing water to be conveyed downstream more easily and not back up into the neighborhoods. Our second priority public infrastructure project is relocation of the North Wastewater Treatment Plant. These two projects are the focus of our local option sales tax efforts, but additional funding sources will be required as well.

4. If in the future the required funding for levees and flood walls is made available, we will consider such strategies in flood-prone neighborhoods. However, we do not believe such funding opportunities are realistic at the present time and do not believe that flood-impacted residents should be making decisions based on them occurring. We have done preliminary planning to know that these structures could cost approximately $34 million.

We thought it would be helpful to restate the above objectives so that you could see how they tie into the strategies for the following five funding programs.

Please be prepared to discuss these project proposals and authorize staff to proceed according to your wishes at the March 23 meeting. **It is necessary that we receive authorization at the March 23 meeting in order to take advantage of these funding opportunities by the deadlines for the programs. There are at least two programs which have deadlines in April or May.** Flood Recovery Specialist David Purdy has time to devote to these grant applications over the next several weeks before he becomes busy with HMGP buyout grant administration.

We look forward to the discussion at the March 23 meeting.

Program 1: HMGP Non-Acquisition (FEMA funds)

Projects funded from this program should reduce or eliminate losses from future natural disasters. As required for all HMGP projects, each project we select must have a benefit/cost ratio greater than 1.0. Eligible projects include:

- Construction of tornado safe rooms on private property.
- Acquisition, structural relocation or elevation of buildings located in a flood hazard area.
- Retrofitting of existing public buildings, facilities, or utilities to protect from flood hazard.
- Stormwater management structures, such as culverts, flood gates, and retention basins.
- Localized flood control projects such as floodwall systems that are designed to protect critical facilities and are not part of a larger flood control system.

Back-up power generation and warning systems are not eligible at the present time. No local match is required and administrative costs are allowable. The funding we will apply for is discretionary. The Notice of Interest is due September 15, 2009, and the application is due November 15, 2009.

Recommended Projects (not in priority order)

- Tornado shelter combined with restrooms at Napoleon Park, Kickers Park, Hickory Hill Park, and City Park. These would be constructed in conjunction with programmed restroom improvements. $600,000
- Storm sewer backflow devices in Parkview Terrace, Idyllwild, Rocky Shore Drive, South Gilbert Street, and Thatcher neighborhoods. $650,000
- Modify arts campus storm sewer pump station. $500,000
- Modify Hwy. 6/Rocky Shore Drive lift station. $100,000
- Water well protection. $2,000,000

Total requested funding: $3.85 million

Program 2: Community Disaster Grants

It is anticipated that Iowa City will receive approximately $2.4 million from this State program, which was created by House File 64. This program is intended to benefit non-profit organizations, provide funding for the public purchase of land that is not FEMA eligible, repair and upgrade public infrastructure damaged by the flood, assist with the reevaluation and assessment of property due to the flood, provide small business assistance, and assistance for replacement and rehabilitation of housing. No local match is required and administrative costs are allowable.

This program has a due date of April 1, 2009 and funds must be expended by July 30, 2010.

Recommended Projects: (not in priority order)

- Acquire vacant Parkview Church land in the 100-year floodplain between Taft Speedway and the Iowa River. This property, along with the Trimble property that is being acquired through the HMGP, would be added to Terrill Mill Park. We are currently having an appraisal done for this property.

- Purchase any other non-HMGP eligible property in the 100-year floodplain. This could include 105 Taft Speedway, or buildings in Idyllwild for which there were four willing sellers and the property could be severed from the condo association so that fee title could be obtained.

- Housing rehabilitation for residents up to 250% of average median income. We anticipate this would allow us to assist as many as 28 homeowners in the Parkview Terrace and Idyllwild neighborhoods. Projects will include general housing rehabilitation, elevating structures, elevating mechanical systems, and backflow prevention valves.

- Assist with funding of Corps of Engineers Coralville Reservoir Operations Plan.

Total requested funding: $2.4 million

Program 3: Public Infrastructure Non-FEMA (CDBG)

This program is for projects that FEMA cannot fund but are critical to flood recovery that benefit low/moderate income residents. Examples include damaged water and sewer systems, storm drainage systems, levees, roads and bridges. No single project may be awarded more than $5,000,000. $53,000,000 is allocated statewide. There is no required local match, but local match is beneficial in the project evaluation. There is no deadline for applying.

Recommended projects: (not in priority order)

- Elevate Foster Road adjacent to Idyllwild neighborhood. $3,000,000
- Elevate Normandy Drive/Manor Drive intersection. $1,000,000
- Elevate Park Road Bridge. $5,000,000
- Rocky Shore Drive floodgate. $130,000
- Levee construction in vicinity of South Gilbert Street/Stevens Drive. $1,000,000
- Levee construction in Baculus/Thatcher/Commercial Drive area. $1,000,000

Total requested funding: $11.13 million

Program 4: Housing Buyouts, Non-FEMA (CDBG)

The initial guidelines for this program stated that houses needed to be condemned to qualify for a non-FEMA housing buyout. We have requested that the program be modified to make homes eligible that were significantly damaged to at least 70% of their value. The Iowa Department of Economic Development has tentatively stated that they view this modification as appropriate, but has not issued a final rule. We do not have final CDBG rules and program guidelines, but hope to in May.

No single award can exceed $5,000,000. There is no requirement for local match and administrative costs are allowable. We believe there are homes in Parkview Terrace which would qualify based on being significantly damaged to at least 70% of their value. An example of a home meeting this damage assessment would be one that has been gutted with no repairs having been made.

This goes beyond the City Council's agreed-to policy of buying out homes in the 100-year floodplain. However, it would be consistent by removing the most at-risk homes from the floodway.

A negative aspect to this program is the potential removal of residences from the property tax rolls. However, we were recently apprised of a new program administered by Iowa DED called the Single Family New Construction Unit Production program. We hope this program will result in the construction of 15-17 new affordable single family residences in Iowa City. This will help offset the loss of property tax revenue from the non-FEMA Buyout Program.

Recommended Project:

- Purchase as many houses as we can once the program rules are known.

Total requested funding: $3.5 million

Program 5: The Governor's State Bonding Program

The legislature is still considering Governor Culver's request for $750,000,000 in bonding authority through the Rebuild Iowa Infrastructure Investment program. The Governor has put forth this program which would allow the State to sell bonds for flood recovery projects which have the following characteristics:

- Are ready to be started and completed quickly
- Create jobs
- Contribute to sustainability

The bonds would be paid off with a percentage of state-generated gaming revenue. Examples of eligible projects are housing, trails, highways, roads and bridges, mass transit, railways, airports, water quality and wastewater treatment improvements, flood control improvements, energy infrastructure, disaster relief infrastructure, and public buildings.

The Governor suggested to Mayor Bailey at the forum at the Old Capitol on March 4 that an application should be filed for Iowa City's North Wastewater Treatment Plant relocation project.

Recommended Projects: (in priority order)

- Relocation of the North Wastewater Treatment Plant. $40 million
- Construct levees in Parkview Terrace and Idyllwild neighborhoods. $34 million

Total requested funding: $74 million

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