

Public Works Memorandum
NO. 2017-01

DATE: January 3, 2017

TO: Honorable Mayor Moore Wolfe and City Council Members

FROM: Tim Gleason, City Manager
Richard G. Marley, P. E., Public Works Director

SUBJECT: Nelson Park Neighborhood Combined Sewer Separation Project
City Project 2012-22

SUMMARY RECOMMENDATION:

It is recommended by staff that the City Council approve the following items relating to the separation of the Nelson Park Neighborhood Sewers:

1. Ordinance authorizing a loan agreement to borrow up to \$4,844,000 from the Water Pollution Control Loan Program which is administered by the Illinois Environmental Protection Agency (IEPA). The proposed loan will cover engineering and construction costs associated with the separation of the Nelson Park Neighborhood Combined Sewers.
2. Resolution authorizing an Engineering Services Agreement between the City of Decatur and Blank, Wesselink, Cook, and Associates, Inc. (BWC) to provide construction engineering and resident inspection services for the separation of the Nelson Park Neighborhood Sewers for a fee not to exceed \$318,985.

PRIOR COUNCIL ACTION:

May 7, 2012 – City Council approved Resolution R2012-102, authorizing an agreement with BWC to begin the preliminary design for the Nelson Park Neighborhood Storm Sewer Design project for a fee not to exceed \$80,513.

November 16, 2015 – City Council approved Resolution R2015-127, authorizing an agreement with BWC to begin the final design for the Nelson Park Neighborhood Storm Sewer Design project for a fee not to exceed \$147,000.

STORM DRAINAGE PRIORITIES:

The 2009 Stormwater Master Plan addresses three main topics:

1. Stormwater Problem Area Prioritization
2. Regulation, Standards, and Policies
3. Stormwater Expenditures and Funding Mechanisms

In April, 2014, the City Council approved a Stormwater Utility to provide a dedicated funding source to improve known drainage problems and to improve maintenance on existing stormwater facilities. The Nelson Park Neighborhood Combined Sewer Separation design project addresses item 1 above by

targeting the Nelson Park Neighborhood's ongoing storm drainage problems which were identified as the #2 storm water mitigation priority in the City's stormwater master plan. This project will also separate sanitary sewage from storm water drainage. Separating the two types of sewer flow will reduce basement backups and combined sewer overflows into the Sangamon River.

BACKGROUND:

In 1966, a drainage study was completed for the City in an effort to plan for the drainage of future developments and to identify drainage projects for the City to undertake in the near term. During the late 1970's and early 1980's the City invested nearly \$20 million in drainage improvements throughout the City. The Nelson Park Neighborhood was identified as a needed future project with residents on nearly every street reporting street and basement flooding; however, this work was never completed.

More recently, the City's 2009 Stormwater Master Plan once again identified the Nelson Park Neighborhood as a high priority for drainage, listing it as 2nd out of 46 identified priority areas to address. Based on preliminary designs, the cost estimate is about \$4.8 million with engineering costs included. The project was then put on hold until sufficient funding could be identified.

Knowing that the project costs would exceed the City's ability to fund out of current revenue, the City approached the Illinois Environmental Protection Agency (IEPA) and inquired about a low interest loan similar to those the City has recently taken advantage of for high cost sanitary sewer repairs. The IEPA indicated that this project was loan eligible. The City then prepared and submitted a Facilities Plan for the Nelson Park Neighborhood that identified the storm drainage problems, outlined the proposed project to resolve them, and estimated the possible project costs.

Project Funding Through the Water Pollution Control Loan Program

The passage of an ordinance authorizing a loan agreement to borrow funds from the Illinois Water Pollution Control Loan Program is one of the final steps in securing an IEPA low interest loan. The loan rate is expected to be 1.75%. The ordinance addresses the funding for the project and assures that the City is able to repay the loan over a 20 year period beginning at the substantial completion of the project. The funds included in the loan request are summarized in the following table:

Work Item	Project Estimate
Design Engineering	\$244,000
Construction	\$4,156,325
Construction Contingency 3%	124,690
Construction Engineering	\$318,985
Total Estimated Project Cost	\$4,844,000
Total Loan Requested	\$4,844,000

As is common with the Water Pollution Control Loan Program, the actual loan document will not be fully written until a contract has been awarded by the City Council and a bid amount is approved by the IEPA. At that point, the agreement authorized by the attached ordinance will be signed by the City Manager and the loan activated. The contractor will then be given a notice to proceed.

Construction Engineering Services

The IEPA requires that projects being supported by the Water Pollution Control Loan Program be provided with project oversight by qualified resident engineers that are familiar with the work being proposed. BWC is familiar with the project as the design engineer of this project.

The professional services agreement with BWC includes the following work items:

1. Assist the City during the bidding process.
2. Provide technical job site observation.
3. Prepare and approve pay estimates, change orders and other records.
4. Safeguard the City against defects and deficiencies on the part of the Contractor.
5. Conduct final review of the project and prepare final papers and reports.
6. Revise contract drawings to reflect field changes.
7. Review and approve shop drawings and Contractor submittals.
8. Review and check all reports by testing laboratories.
9. Assist the City if providing all documentation related to the loan program regulations.

POTENTIAL OBJECTION: None

INPUT FROM OTHER SOURCES: Illinois Environmental Protection Agency; Blank, Wesselink, Cook, and Associates, Inc.

STAFF REFERENCE: Richard Marley, Public Works Director and Matt Newell, City Engineer. Richard Marley will be in attendance at the City Council meeting to answer any questions of the Council on this item.

ANTICIPATED SCHEDULE:

IEPA Approves the City's Facilities Plan	January 2017
Plans and Specifications Submitted to the IEPA	January 2017
Advertise for Bids	February, 2017
IEPA Construction Permit Issued	February, 2017
Pre-Bid Conference	February, 2017
Bids Opened by the City	March, 2017
City Council Receives and Approves Bids	May, 2017
The Loan is Authorized by the IEPA	June, 2017
IEPA Approves Bids and Authorizes Final Award	June, 2017
Notice to Proceed is Issued to the Contractor	July 2017
Project Completion	Fall 2018

BUDGET/TIME IMPLICATIONS:

Budget Impact: The proposed authorizations are for the following expenditures all of which are to be reimbursed by the Water Pollution Control Loan Program:

1. The proposed loan agreement authorizes the City to borrow up to \$4,844,000 from the Water Pollution Control Loan Program. If the loan is for the full amount shown, the repayment will be approximately \$303,602 per year, paid semiannually over the 20 year life of the loan.
2. 50% (\$151,801) of the annual loan repayment will come from the Storm Water Utility Fund and is included in the Capital Improvement Plan. The Storm Water Utility Fund is supported by user fees
3. 50% (151,801) of the annual loan repayment will come from the Sanitary Sewer Fund and is included in the Capital Improvement Plan. The Sanitary Sewer Fund is supported by user fees.
4. The project includes the reconstruction of portions of Clay Street, Johns Street, 22nd Place, 23rd Street, and 23rd Place. Due to IEPA loan regulations, full reconstruction may not be loan eligible. If loan funding is not approved for this work, costs will be covered by the Local Motor Fuel Tax Fund. The work is estimated at \$800,000.
5. The Engineering Services Agreement between the City and BWC to provide construction engineering and resident inspection services for the separation of the Nelson Park Neighborhood Sewers is for a fee not to exceed \$318,985. This fee will be reimbursed through the loan.

Staffing Impact: Staff time is allocated to manage the project.

LEGAL REVIEW: All documents have been reviewed by City's Legal Department.

This memorandum was prepared by Paul Caswell, P.E., Assistant City Engineer.

Attach: 4

Cc: Blank, Wesselink, Cook, and Associates, Inc.