

## City of Tipton, Iowa

**Meeting:** Tipton City Council Work Session  
**Place:** Tipton Fire Station, 301 Lynn Street, Tipton, Iowa 52772  
**Date/Time:** Monday, October 1, 2018, 5:00 p.m.  
**Web Page:** [www.tiptoniowa.org](http://www.tiptoniowa.org)  
**Posted:** Friday, September 28, 2018 (Front door of City Hall & City Website)

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<b>Mayor:</b>	Bryan Carney		
<b>Council At Large:</b>	Leanne Boots	<b>Council At Large:</b>	Pam Spear
<b>Council Ward #1:</b>	Ross Leeper	<b>Council Ward #2:</b>	Dean Anderson
<b>Council Ward #3:</b>	Tim McNeill		
<b>City Manager:</b>	Brian Wagner	<b>City Attorney:</b>	Lynch Dallas, P.C.
<b>Finance Director:</b>	Melissa Armstrong	<b>Gas Utilities Supt:</b>	Virgil Penrod
<b>City Clerk:</b>	Amy Lenz	<b>Electric Utilities Supt:</b>	Floyd Taber
<b>Dir. of Public Works:</b>	Steve Nash	<b>Water &amp; Sewer:</b>	Brian Brennan
<b>Police Chief:</b>	Lisa Kepford	<b>Emergency Med Dir:</b>	Brad Ratliff
<b>Park &amp; Recreation:</b>	Adam Spangler	<b>Economic Dev. Director:</b>	Linda Beck

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**A. Call to Order**

**B. Roll Call**

**C. Agenda Additions/Agenda Approval**

**D. Old Business**

1. Discussion Concerning Options for A CDBG Application: SAGR Project or I & I/North Avenue Water Main Project

**E. Adjournment**

Pursuant to §21.4(2) of the Code of Iowa, the City has the right to amend this agenda up until 24 hours before the posted meeting time.

**If anyone with a disability would like to attend the meeting, please call City Hall at 886-6187 to arrange for accommodations/transportation.**

**AGENDA INFORMATION**  
**TIPTON CITY COUNCIL COMMUNICATION**

<b>DATE:</b>	Council meeting of October 1, 2018.
<b>AGENDA ITEM:</b>	Discussion and possible action concerning strategy toward applying for CDBG applications for storm water I&I/North Ave water main and/or the SAGR wastewater treatment system.
<b>ACTION:</b>	Motion on what type of grant(s) to pursue.

**SYNOPSIS**

This is the topic of the work session at 5:00 p.m. There's also an agenda item for it.

At the Sept 5 Council meeting, we discussed Community Development Block Grants or CDBGs, and the Council voted to pursue a grant for owner-occupied housing rehab. The Council designated ECIA as our grant writer and authorized them to do environmental reviews for up to two grant applications. One of two grant application is for housing rehab. The other is for public infrastructure. Unlike the annual application deadline for housing rehab, infrastructure projects have quarterly application periods.

The topic for Oct 1 is a CDBG application for public infrastructure. For this, the State of Iowa seems to have a preference for sewer and/or water treatment projects. Along these lines, we have two possibilities:

- 1.) A combined storm water I&I project and a North Ave water main replacement project in Census Tract 2.
- 2.) The SAGR wastewater treatment project. This is the mandated project that has to be operational by April 2021.

Before going further, we have to understand something: The State won't award a CDBG for one project while another project is still active.

Therefore, for the two projects listed above, if we apply and are awarded for #1 (I&I/water main,) we can't apply for #2 (SAGR.) The timeline doesn't work because #2 will be under construction before #1 is finished and closed-out.

On the other hand, the Council can choose to apply for the SAGR project first. If we're awarded, we can apply for the I&I/water main project after the SAGR project is closed out, but the I&I/water main project probably wouldn't take place until 2022.

As you might recall, the major benchmark to qualifying for a CDBG is to have a project target area whose residents are at least 51% low-to-moderate income (LMI)—or, in other words, "income-qualified." A project's target area can be either a defined area within a city or the entire city limits. The LMI percentage is established either by an income survey or the most recent US Census.

**Possible I&I/Water Main Grant Application.** We've again attached the US Census tract map (Tract 2) for what is generally the northwest quarter of the City. For whatever reason, it was found to be nearly 60% LMI while, according to the last Census, the other three-fourths of the City is about 38%-39% LMI.

Tract 2's LMI level was the reason for pursuing a grant for owner-occupied housing rehab in that area—it automatically met the 51% benchmark.

I asked Brian Brennan to look at the results of the storm water/flood inundation study and try to see what it found for Tract 2. He emailed this:

Brian,

After reviewing the 2017 SSES Technical Memorandum from McClure Engineering, it looks like eight of the twenty-four blocks of Grade 5 defect sewer lines (strong candidates for lining) are in fact in Census Tract 2. My cost estimate of a lining project for these eight blocks in Tract 2 would be between \$98K and \$135K.

Also residing in Tract 2 are (18) Grade 4 defect sanitary sewer manholes and (1) Grade 5 defect manhole. A cost estimate for repair/replacement for these could be a wide range anywhere from \$2500 for a single rehabilitation to \$15k per unit on a full replacement (\$40k-\$240k range total project).

Thanks,

BB

If the high ends of both estimates are combined, it comes to \$375,000. For whatever amount we use, we'll also have to add something for grant administration.

Brian also noticed that North Ave is on the eastern border of Tract 2. North Ave has a 4-inch water main that has had numerous breaks in the last several years. In fact, we were looking at replacing this water main and reconstructing North Ave at the same time as the Hwy 38 project in approximately 2021. If the City could get a grant for the water main, the grant would also pay to patch over the excavation until the street is reconstructed/repaved later.

We spoke with Mark Schneider/ECIA about this project. He said that we can apply for both the I&I improvements and the North Ave water main in the same CDBG application. He mentioned that the State's past practice is to award 50% of the project's cost. The day of the phone meeting, a general estimate of \$600,000 was tossed about. If it really plays-out that way, the City would need to match \$300,000 to the State's \$300,000. But, in the long run, this is better than paying 100% of the cost later.

In order to apply for a CDBG, the State's application process requires us to hire an engineering firm to draw-up plans and bid specs.

**Possible SAGR Grant Application.** A CDBG award for the SAGR wastewater treatment project would be worth \$600,000. This is the maximum award. (Some of it has to go to ECIA for grant

administration, however.) A grant award would lower our debt which would favorably impact the sewer rates.

But, the roadblock to this type of grant application is that the last Census for the entire City had an LMI result of just over 40%. Therefore, we'd have to do an income survey to see if it comes out as 51% or higher. Since the SAGR will serve the entire City, the income survey would need to be City-wide.

Below is some of the Q&A between Mark Schneider/ECIA and me. He also added the long the section on the income survey process that we'd have to follow:

--If we do an income survey, would it involve a mailing to all residential customers? Or, would it involve businesses, too? It is best to actually do a door-to-door or phone call survey. Mailing makes for challenges in trying to determine and track who has responded and not responded. More on this below.

--What % is needed for the survey's minimum response rate? IEDA no longer requires a %. They now require a number of usable surveys. See below for the current required IEDA survey process.

#### CURRENT IEDA CDBG INCOME SURVEY PROCESS:

IEDA changed their survey methods somewhat in 2016. The response rate is now calculated based on the number of households in the city and will be a number rather than a %. For your survey using the 1,260 household number that you gave me, you will need to have 407 usable surveys. Do note that the 1,260 figure may not include apartment buildings – if there are 8 apartments in a single building, that is and counts as 8 households. The 2010 census lists Tipton having 1,394 households and apartments might account for some of that discrepancy. If there are 1,394 households, then you need to have 420 usable surveys. The 407 (or 420) households must be randomly selected and the method documented on how that was done.

The other change to the process is as follows. In conducting the survey, if you selected the 407 households and you are going door-to-door to conduct it, and after the first attempt, you only get 350 usable surveys back, you need to attempt to re-contact the remaining 57 non-respondents. If you were doing the door-to-door survey, you would need to go back to the house one more time (total of 2 attempts minimum). If you are opting to do a phone survey, and again only had 350 usable responses, you would need to try calling again two more times (total of 3 attempts minimum). With either method, if those attempts to contact the 2<sup>nd</sup> time in door-to-door or 3<sup>rd</sup> time if by phone are not successful, you have 2 options. You can assume that all the non-responding households are above the LMI limits and calculate the LMI in that way. For the household size of the non-responding households, you use the census persons per household average number (2.31). If the result is <51% LMI, you can go back to your list of households and randomly select 57 replacement households to survey. Again, document how they were randomly selected. You must make 2 attempts to contact households if doing a door-to-door survey and 3 attempts to contact if doing a phone survey. If there are still some non-responding households after these attempts, you must now consider the non-responding households to be above LMI. You do not have the option of trying to use additional replacement households.

The current census data shows Tipton has a 40.19% LMI population. Should your income survey show a greater than 20% increase in the LMI number, you must provide an explanation why the data is incorrect by such a high %. I would not expect that to happen in Tipton, but if it does, we'll need to provide an explanation as to why there is such a high difference from the census data. Again, I don't expect we'll need to be concerned about this. The City's last income survey results that I can find showed the City to have a 59.57% LMI population in 2006.

I gave you a sample income survey form for your use with the current income limits last Friday. I would be happy to tabulate the results once you have the survey completed. The CDBG applications are now accepted quarterly (Jan 1; April 1; July 1' Oct 1). Per IEDA, the more competitive applications will have:

- Environmental Review complete (ECIA charges \$1,500 to prepare the Environmental Review – it is almost a requirement that this be completed to have a competitive application in the last 2 years.)
- Final engineering complete or at least underway (if project is awarded no CDBG funds can be repaid for this activity. All CDBG funds would be for construction only)
- Sewer: If the project needs DNR permit: Approved facility plan (not just submitted)
- If DNR SRF is the local match – the project must be on the approved by EPC IUP (not just submitted)
- If USDA-RD is the local match – an USDA letter of conditions will be submitted (This is virtually impossible to attain in advance of a CDBG application.)

Today's survey methodology requirements are more stringent than when Tipton's 2006 income survey came up with a result of 59.57% LMI. For example, if the survey is truly random—as currently required—it would be difficult to have a result of 51% LMI (or more) when the US Census found Tipton to be at 40% LMI in 2010.

More importantly, we would need the help of a lot of volunteers, such as fraternal organizations, that would take this on as a project. In fact, door-to-door surveys would have to be done outside of regular business hours when people are more likely to be home.

Therefore, if the Council is interested in pursuing this type of grant, we would need to make an appeal for the community's assistance to do the required survey fieldwork. Otherwise, the project is a non-starter.

**Conclusions.** A grant award is never a certainty. But, of the two choices, the I&I/water main project in Tract 2 is more of a "bird in the hand" than the SAGR project is.

The Tract 2 projects are already LMI-qualified and can be applied for the soonest. Further, this project would give us a big head start on addressing the I&I issues. Plus, it would help us replace a troublesome water main. And, if we're not awarded the first time, we can still use the engineering for a future round of grant applications.

For the SAGR project, we could try to do a City-wide income survey next year and see if it comes out with a grant-worthy result.

It's a long shot, but, sometimes, long shots come in. And, if it did, it would be great to use about \$600,000 toward the cost of the project.

But, again, to have a validly done income survey, we'd need a lot of help from a lot of volunteers.

Thanks.

**PREPARED BY:** BW

**DATE PREPARED:** Sept 24, 2018