



# **City of Grand Island**

**Tuesday, October 18, 2011**

**Study Session**

## **Item -1**

**Discussion Concerning US Highway 281 Sanitary Sewer Extension**

**Staff Contact: John Collins**

# **Council Agenda Memo**

**From:** John Collins, Public Works Director

**Meeting:** October 18, 2011

**Subject:** Discussion Concerning US Highway 281 Sanitary Sewer Extension

**Item #'s:** 1

**Presenter(s):** John Collins, Public Works Director  
Terry Brown, Manager of Engineering Services  
Chad Nabity, Regional Planning Director

## **Background**

At the January 4, 2011 Study Session the City Council was informed of an interest by businesses along US Highway 281 near the Interstate 80 interchange about extending City sanitary sewer to serve their property.

On January 11, 2011 City Council approved Mayor Vavricek to sign a "Letter of Intent" to the Nebraska Department of Environmental Quality (NDEQ) declaring the City's willingness to negotiate a public/private project with these businesses to extend City sanitary sewer south along US Highway 281.

The May 17, 2011 Study Session provided an update to the City Council regarding several meetings that were conducted between the City and the interested parties.

## **Discussion**

City Council approved a sanitary sewer district in the Wildwood Subdivision on September 27, 2011. This district will give support to the sanitary sewer extension south along US Highway 281 to Interstate 80.

The City is being granted \$350,000 from a settlement between JBS and NDEQ from September 2011, which must be applied to this sanitary sewer extension.

The sanitary sewer extension south along US Highway 281 to Interstate 80 will help to foster growth of the City towards the interstate and provide for future development.

## **Conclusion**

This item is presented to the City Council in a Study Session to allow for any questions to be answered and to create a greater understanding of the issue at hand.

It is the intent of City Administration to bring this issue to a future council meeting for the approval to proceed with an Interlocal agreement between the City, the I-80 businesses and Nebraska Game & Parks for this sanitary sewer extension, as well as approval to apply the \$350,000 from the JBS settlement towards this extension.

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## Sewer Extension Along U.S. Highway 281

This is a draft of the presentation. A final draft will be posted to the City's website on Tuesday. You can access that by going to the City's website at [www.grand-island.com](http://www.grand-island.com), under City Council from the "Your Government" drop down menu, and selecting the *City Council Study Session Presentations* tab.

### USA Inns and Highway Hotels

Wastewater treatment plants were at the end of their life

Order from NDEQ to replace systems



## History

- 🇺🇸 Fall 2010 I-80 businesses request that the City consider extending sewer along U.S. Highway 281
- 🇺🇸 January 2011 Study session held by Council to consider the request
- 🇺🇸 Decision by Council for staff to meet with property owners to discuss the possibilities with a report back in May 2011
- 🇺🇸 Report in May 2011 that this is a complex issue that would take more time

## History Continued

- 🇺🇸 Weekly meetings with stake holders
- 🇺🇸 Meetings with NDEQ regarding funding options
- 🇺🇸 Discussion with Doniphan
- 🇺🇸 Discussion with Bosselmans
- 🇺🇸 Discussion with Nebraska Game and Parks (Mormon Island)
- 🇺🇸 JBS Settlement September 2011
  - 🇺🇸 (\$300,000 + \$50,000)

### Stake Holders

- 🇺🇸 Quality Inn, Days Inn, Arby's (Highway Motels Inc)
- 🇺🇸 USA Inn (Pragya Inc)
- 🇺🇸 Diamond Truck Wash
- 🇺🇸 Fred Bosselman
- 🇺🇸 Sapp Brothers
- 🇺🇸 Nebraska Dept of Environmental Quality
- 🇺🇸 Nebraska Game and Parks
- 🇺🇸 Nebraska Peterbuilt
- 🇺🇸 City of Grand Island





## Financing Options Proposed

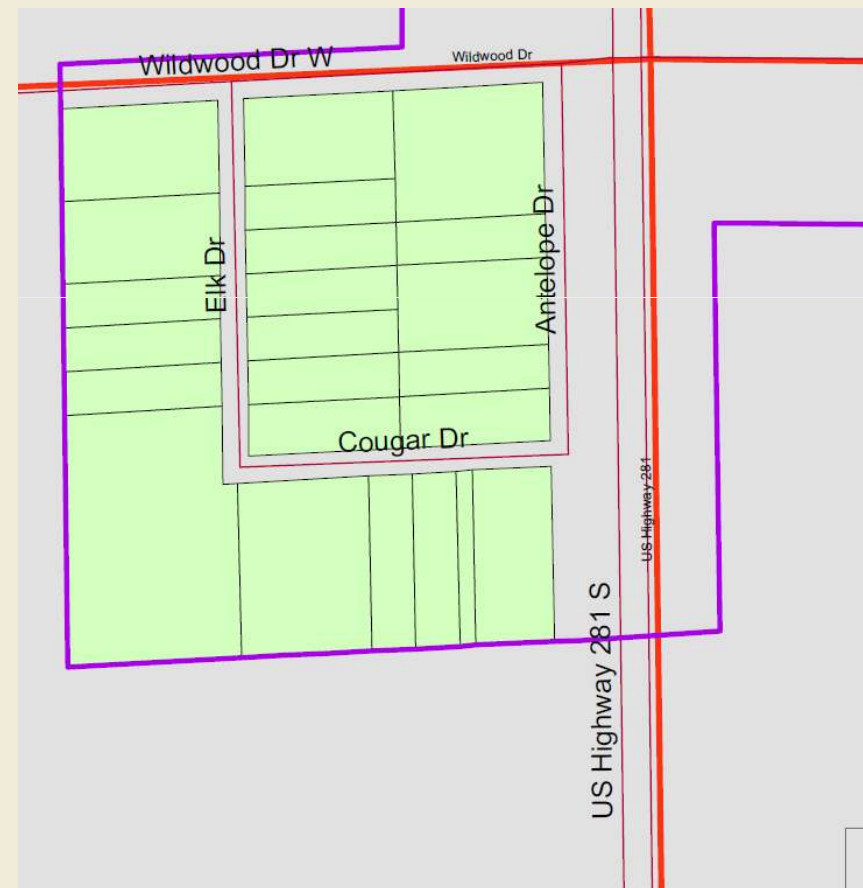
- Assessment District for Wildwood Subdivision approved 9-27-11
- State sewer revolving loan fund up to 20 years at 3.5% interest
  - Can be used for City funded portions or SID funded portions
- Tap District
- Sanitary Improvement District (SID)

## Sanitary Improvement District (SID)

- 🇺🇸 An SID is a voluntary association of property owners outside of the municipal limits of a City that join together to provide common infrastructure or services such as sewer, water, streets and electrical lines
- 🇺🇸 Members of the SID pay for the improvements through an annual assessment based on the taxable valuation of the property

## Assessment District

- Wildwood Subdivision  
south of Wildwood  
Road and west of U.S.  
Highway 281



### Assessment District

- 🌊 \$655,000 of cost assessed to property owners
- 🌊 \$245,000 (Crossing 281 and oversizing covered by Wastewater Utility)



# Tap District

- Gravity flow sewer extending from south of Wildwood Subdivision to the north channel of the Platte River
- 53 properties that will benefit
- Diamond Truck Wash has immediate need



### Tap District

- 🇺🇸 \$1,093,000 cost
- 🇺🇸 Maximum payment  
\$76,838 per year State  
Revolving Loan Fund
- 🇺🇸 Loan could be paid as  
people tap into service





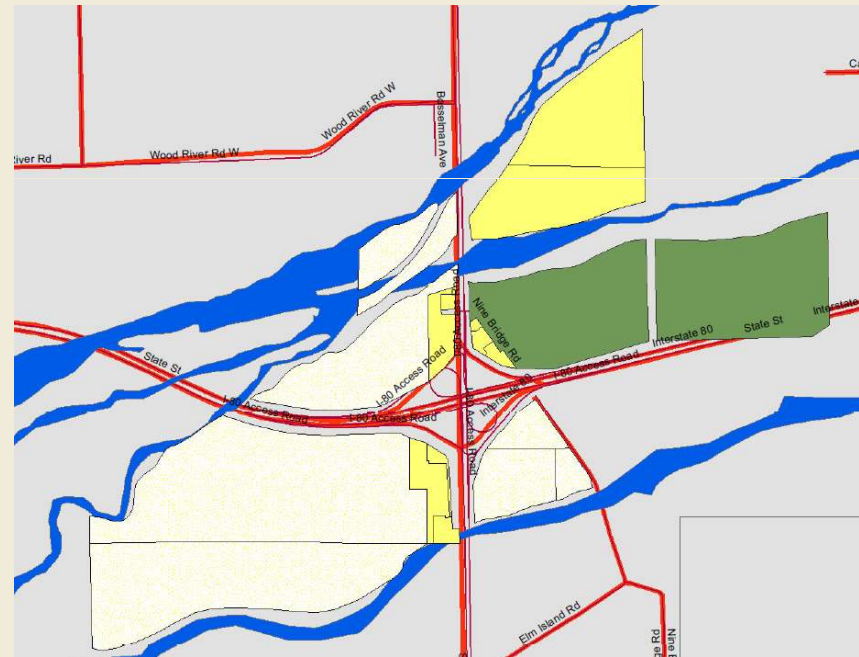
## Tap District

- 🇺🇸 Bosselmans has lots that front on 281
- 🇺🇸 Bosselmans has property north of Wood River Road they plan to develop
- 🇺🇸 Wastewater revenues will increase with customer base



## SID 1

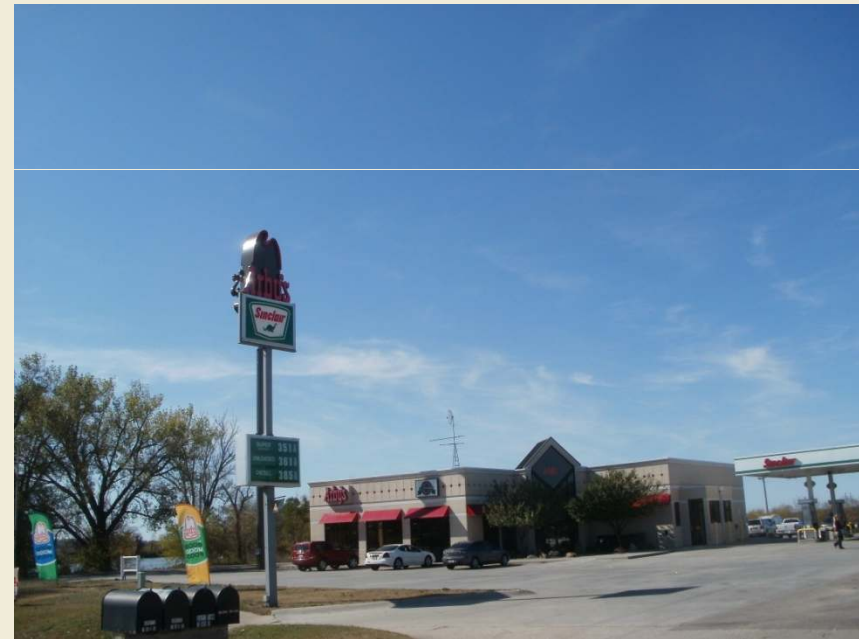
- Force main extending from the north channel of the Platte River to the Arby's/Quality Inn properties.
- Mormon Island would be able to expand camping availability by 50 to 75 spots





## SID 1

- 🌊 \$850,950
- 🌊 \$59,519 per year payment
- 🌊 Estimated sewer revenues of \_\_\_\_\_ per year



## SID 2

- Force main or gravity main extending from Arby's/Quality Inn to Nebraska Peterbuilt



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## SID 2

🇺🇸 \$338,000


🇺🇸 \$23,676 annual payment




## SID Structure

### SID 1

 Arby's

 Days Inn

 Quality Inn

 USA Inns

 Sapp Brothers


 Midwest Carrier

 Nine Bridge Restaurant

### SID 2

 Nebraska Peterbuilt

## Agreement and Interlocal Structure

 City of Grand Island  
will have interlocal  
agreements with:

 NE Department of  
Environmental Quality

 NE Game and Parks

 SID 1

 SID 2

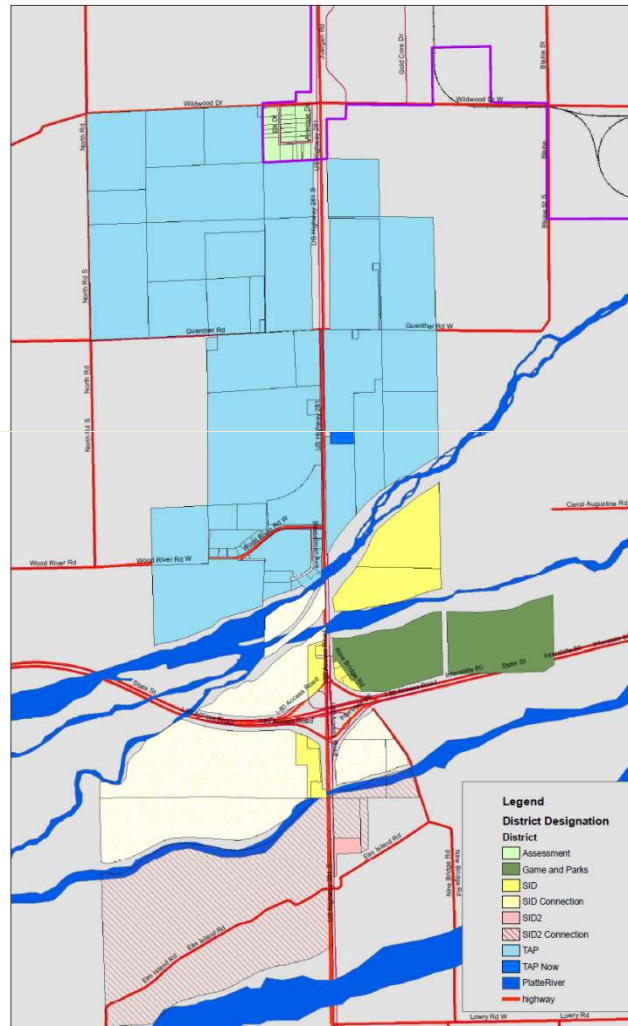
 Future

 Doniphan

 Others to the south

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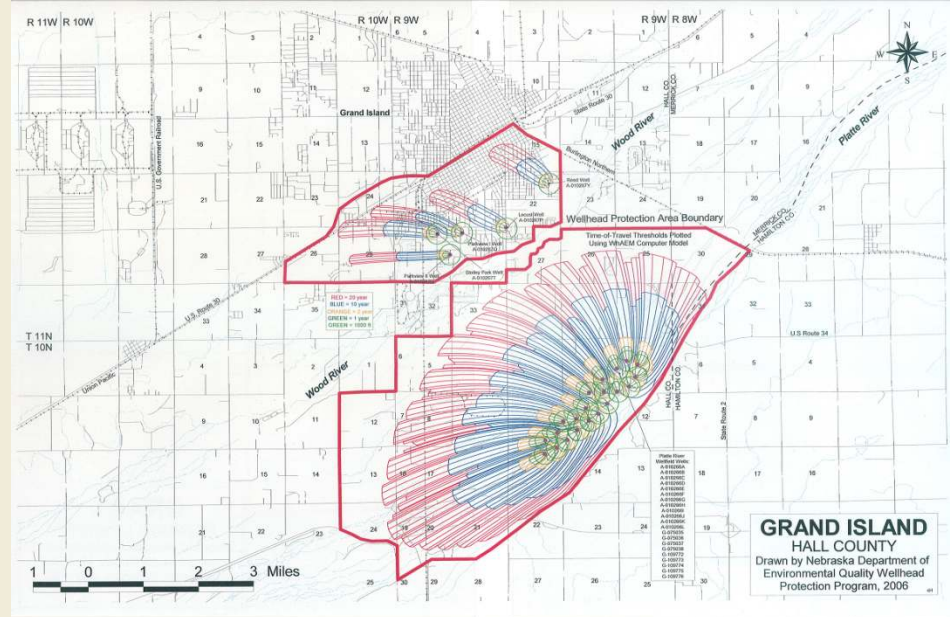
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## Drinking Water

- Ground and surface contamination
- Municipal water supply is 2 miles downstream from U.S. Highway 281



## Wastewater Replacement Schedule

- Wastewater treatment systems have a 20 year design life
- Bosselman Travel Center upgraded their system in approximately 2000
- USA Inns and Highway Hotels are required to rebuild their systems now



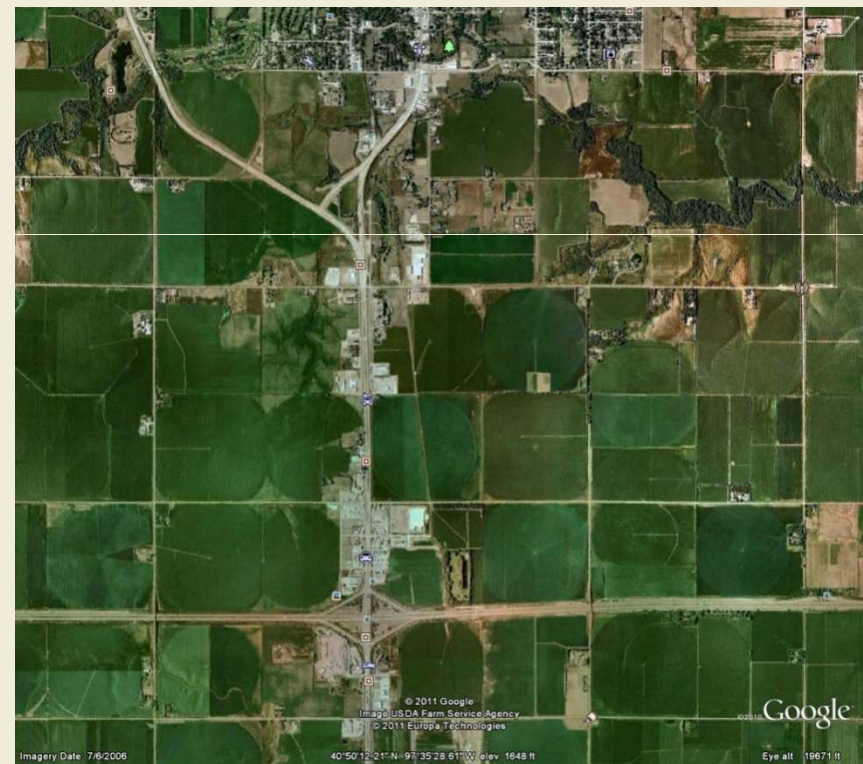
## Benefits

- 🌊 Fosters growth toward I-80
- 🌊 Provides for future development
- 🌊 Additional customer base for Wastewater Department  
Provides a beneficial waste stream
- 🌊 Protects City water supply from contamination
- 🌊 Preserves businesses at Grand Island's front door on  
Highway 281
- 🌊 Cities that have invested in infrastructure toward the  
Interstate have seen development as a result

## York 1993



## York 2011

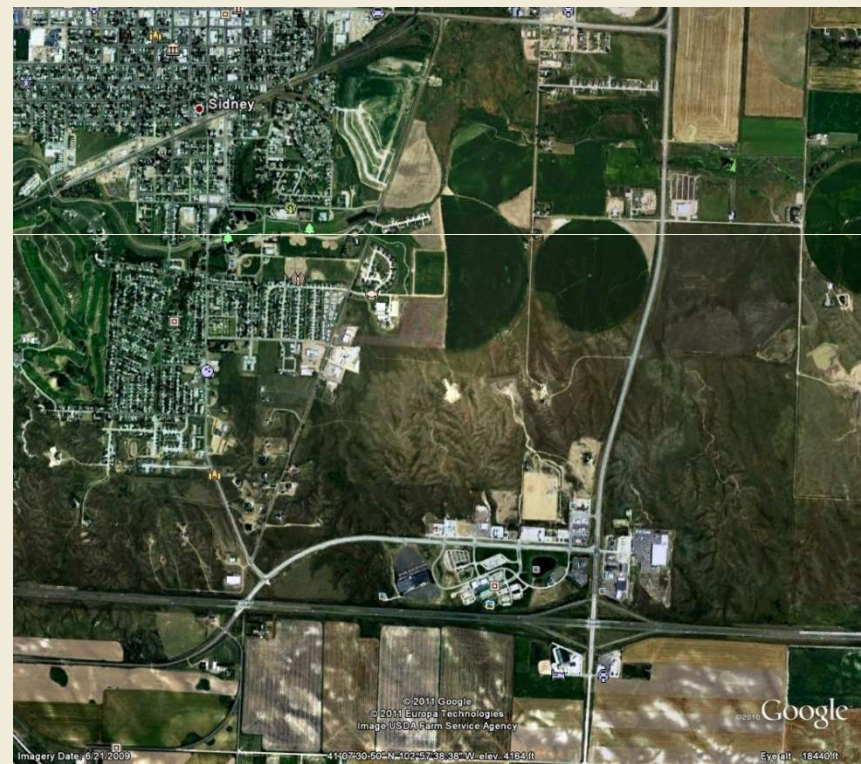




## Sydney 1993

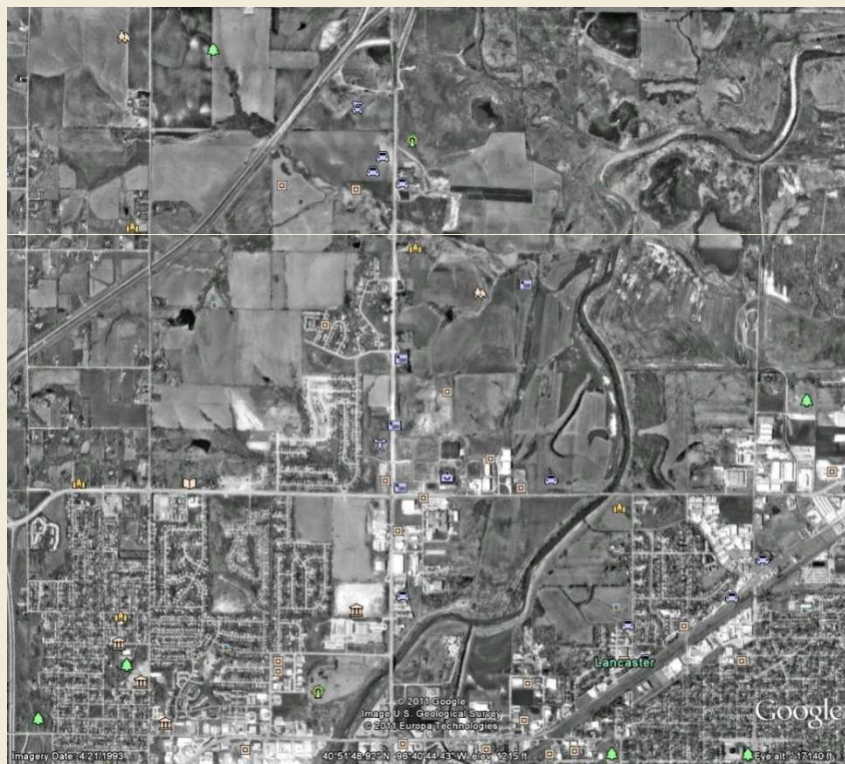


## Sydney 2009

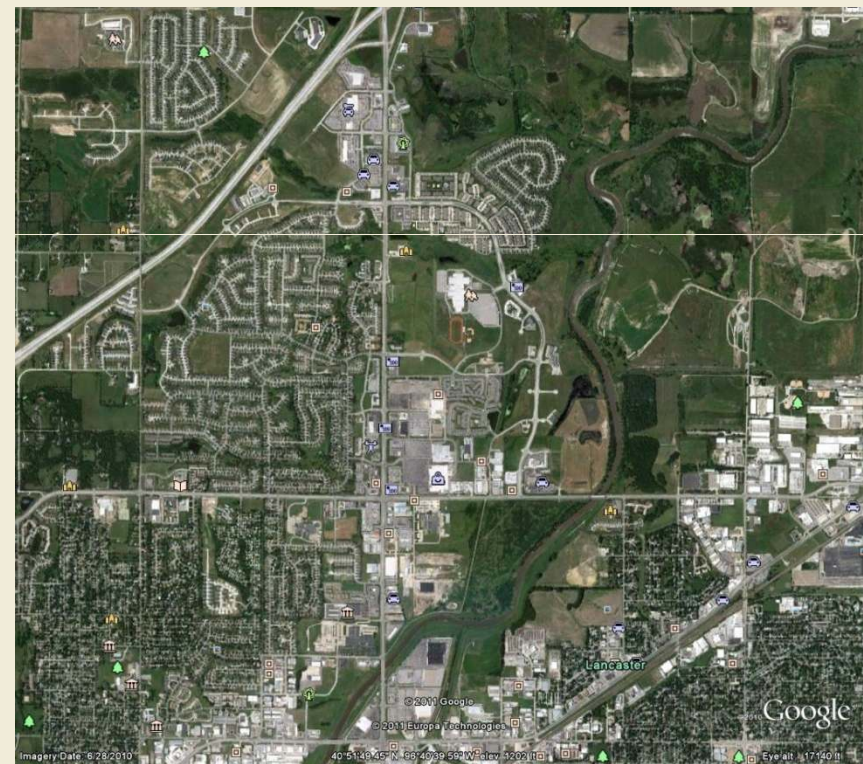




## Lincoln 1993



## Lincoln 2010





## Grand Island 1993



## Grand Island 2009



## **Platte Valley Industrial Park 1993**



## **Platte Valley Industrial Park 2009**





## Without Extending Sewer

- 🇺🇸 New private treatment facilities may be built
- 🇺🇸 I-80 frontage businesses may shut down
- 🇺🇸 The other I-80 businesses and Bosselman's appear to be on counter cyclical periods of investment in sewer infrastructure
- 🇺🇸 The opportunity to share the cost of this project and gain immediate customers will be lost
- 🇺🇸 Ability to create a regional sewer system will be lost

## If Sewer is Extended

- 🌐 The City invests in future development with the expectation that it will be paid back for the investment
- 🌐 The Wastewater Utility gains new customers
- 🌐 Existing businesses at I-80 and U.S. Highway 281 can continue to operate and redevelop
- 🌐 Properties along U.S. Highway 281 are more likely to develop




## Summary

- 🇺🇸 A partnership to build this sewer line between the existing businesses at I-80, the Nebraska Game and Parks, the Nebraska Department of Environmental Quality and the City of Grand Island will preserve the 281 entrance to the City and encourage additional growth and development while protecting the environment and the City water supply.

## Summary

 Assessment District \$900,000

 Approved on September 27, 2011

 Tap District \$1,098,565

 SID 1 \$850,950

 SID 2 \$338,500

 Total Cost of Project \$3,188,015

 Annual City Commitment \$76,850 with a first payment in 2014 or 2015

## Where to apply the \$350,000

- Assessment District

- Tap District

- Recommended

  - Apply \$245,000 to Assessment District

  - Apply \$105,000 to the loan for the Tap District

[Map](#)