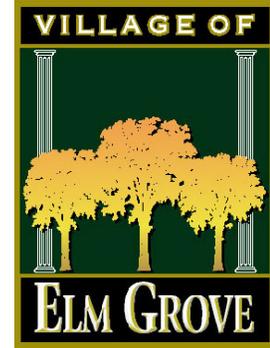


MEMO



TO: Public Works and Utilities Committee (PWUC)

FROM: Thomas Harrigan, Village Manager

Richard Paul Jr., Director of Public Works

DATE: June 14, 2024

RE: Underwood Creek Daylighting – Review of Action Items

As a follow up to the June 10th, 2024 Public Works Utilities Committee Meeting, Rich Klein of Stantec, has submitted a modified scope of services at the direction of the committee. The Committee will convene on the Watertown Plank Road Bridge (which spans the Underwood Creek) near the entrance to the Park & Shop (13425 Watertown Plank Road). Following a site visit of the Underwood Creek Daylighting Project Area, the Committee will convene in the Reinders Room at Village Hall, 13600 Juneau Blvd.

As the Village has been pursuing completion of the Underwood Creek Daylighting Project for over 15 years. In January of 2019, Stantec Engineering finalized a set of engineering design plans for the project which underwent extensive review by the Village PWUC. Most recently it has been determined, the 2019 engineering documents may need to be modified due to design requirements that could be imposed by Canadian Pacific / KC Southern railroad (CP Rail) if the creek channel alignment remains as proposed. Please see the enclosed exhibits from Stantec which demonstrate the extent of the possible revised creek channel alignment.

Rich Klein, of Stantec Engineering, will be in attendance at the June 17, 2024 PWUC meeting. While staff and Stantec have been working through the existing Service Agreement (which the Board of Trustees approved in December of 2023), multiple outstanding project tasks have been identified and these include:

1. Geotechnical and environmental subsurface investigations along the proposed channel alignment.
2. Adjustment of channel alignment away from railroad track corridor; corresponding hydraulic model modifications.
3. Retaining wall design modifications.
4. Storm sewer modifications to accommodate adjacent drainage improvements.
5. Identification of site amenities.
6. New Site Survey of the CP Rail abandoned corridor (others).

As identified in the proposed Scope of Services Task Order 2024-2, the purpose of engaging in these activities at this time is to minimize potential cost increases/project delays associated with CP railroad design and construction requirements; to improve bid pricing by identifying soil substrate conditions through geotechnical investigations and; to incorporate user amenities and site improvements into the project plan. Please see the proposed Task Order 2024-2 enclosed for your review and possible recommendation for approval to the Board of Trustees.

In order to guide our conversation and possible recommendation for approval of Task Order 2024-2 to the Board, we suggest the following outline be followed:

1. **Project Background – Context of Design/Engineering Directive in 2018.**
 - a. Limitations of funding – \$175,000
 - b. Decision to proceed **without** amenities included.
 - c. Pre-application meeting with USACE, WDNR
 - i. Preliminary approval of “90% Plans”, direction to proceed.
2. **Identification of Funding “Package”**
 - a. 2023 Amendment to TID #2 Project Plan – TID Life Extension (2034).
 - b. New Financing projections generated by Ehlers (5/24/2024)
3. **Expectations for Plan Review**
 - a. Public Works Committee to review proposed Scope V. 2 – Stantec (exhibit(s) included).
 - b. Recommendation to be made to Board of Trustees on engagement.
 - i. Geotech Borings
 - ii. Design Modifications – CP Rail loading requirements
 - iii. Conduct site survey of abandoned CP Rail corridor (legal description)
 - c. Public engagement – Public Outreach Campaign
 - d. Referendum – Total Project Cost to be identified, slated for November 5th Election
 - i. Tuesday August 6th, 2024 (70 days prior) to Waukesha County.

CP Rail Property Acquisition

The long-awaited discussion with CP Rail to determine the asking price for the ~6 acres of railroad spur took place on May 16th, 2024. We have enclosed the email from CP Rail which identifies the “first offer” price of \$1.55 million. A lengthy discussion was held with the CP representatives related to the methodology on valuation in comparison to the Village’s appraisal. Essentially, there is a disagreement on the discounts that have been applied by the Village’s appraisal. Staff coordinated a conference call with the CP Rail executives and our appraiser in order for the discounts on the property to be justified. We will have an update on this conversation at the 6/10/24 PWUC meeting.

Financing

Several funding scenarios have been generated by the Village’s Financial Advisor, Ehlers and Associates. These funding options need to be reviewed and discussed by the Village Finance Committee in greater detail, however the forecasts generated demonstrate that with the combination of tax increment from TID #2, stormwater utility fees and obtained grants, the project can be funded up to specified costs. In an email exchange with our finance consultant from Ehlers, the following was articulated:

“Tom,

I am attaching –

1. *An updated TID 2 cash flow model. I eliminated the UW creek project from this version to see how much cash would be left at the end of the TID life. It’s about \$4.65 million, meaning that is what the TID may be able to contribute towards debt service for the project. Works out to a little over \$500K per year from 2026 through 2034*

2. *Debt run for a \$6.5 million project*
 - a. *The TID supported portion is \$3,745,000. This part of the debt is amortized over nine years to coincide with the remaining TID life.*
 - b. *The balance of \$2,755,000 is funded by stormwater, and requires annual debt payments of around \$210,000 per year for 20 years.*

3. *Debt run for a \$8.0 million project*
 - a. *The TID supported portion is \$3,745,000. (No change, because we are solving for what the TID can fund).*
 - b. *The balance of \$4,255,000 is funded by stormwater, and requires annual debt payments of around \$320,000 per year for 20 years.*

Based on the conversation yesterday, it sounded like \$250K per year from storm water was feasible, so seems to work at \$6.5 million, but not at \$8.0 million.”

Please contact us if you have any questions prior to the meeting.